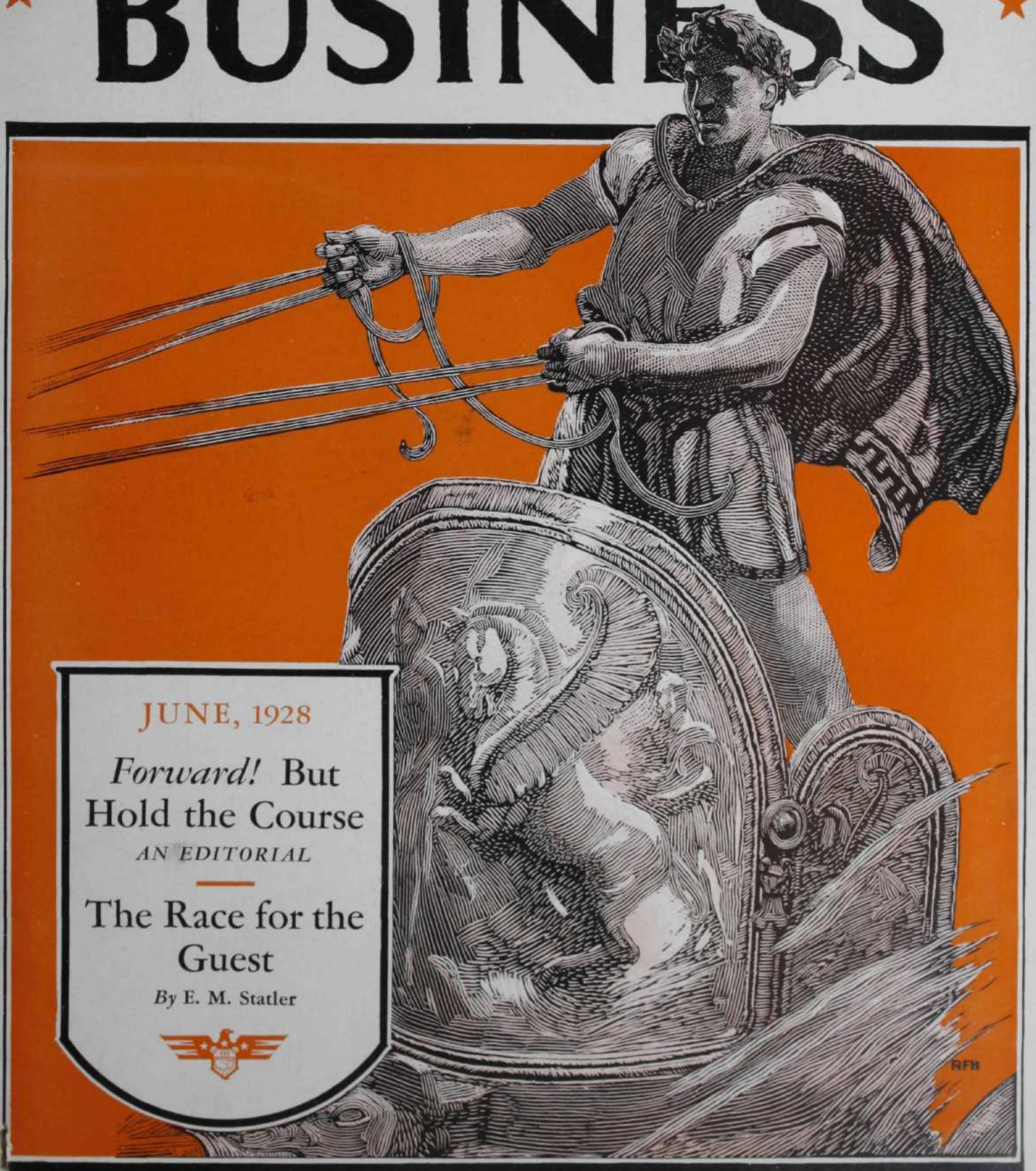
NATION'S BUSINESS



JUNE, 1928

Forward! But Hold the Course

AN EDITORIAL

The Race for the Guest

By E. M. Statler

MORE THAN A QUARTER MILLION CIRCULATION

SINCE 1858, THE WORLD'S LARGEST MAKERS OF QUALITY BAGS

Widely Known Products

hundreds of them travel in Bemis Bags

A list of products which are shipped in Bemis Bags would include hundreds of names known to almost everyone in America.

California Walnuts, for example. The California Walnut Growers' Association chose Bemis Bags because they were best suited to their needs — particularly for their ability to withstand repeated handling — hauling, scraping, dropping. In short, their absolutely sound construction.

In hundreds of other cases Bemis Bags are chosen because they afford lower packing and shipping costs than other TYPES of containers.





There is strong probability that Bemis Bags may be made for some of your products. Why not find out by shipping us one unit in its usual container; we will ship it back to you in a Bemis Bag, or tell you frankly it can't be done!

BEMIS BRO. BAG CO.

Address: Gen'l Sales Offices, St. Louis, U. S. A.

Bag Factories
ST. LOUIS
MINNEAPOLIS
OMAHA
NEW ORLEANS
SAN FRANCISCO
INDIANAPOLIS
MEMPHIS
KANSAS CITY
SEATTLE
WINNIPEG
HOUSTON
BROOKLYN
BUFFALO
WICHITA
WARE SHOALS, S.C.

Cotton Mills
ST. LOUIS
INDIANAPOLIS
BEMIS, TENN.

Bleachery
INDIANAPOLIS

Paper Mill
PEORIA

BEMIS BAGS

BEMIS BRO. BAG COMPANY

COTTON ~ BURLAP ~ PAPER ~ PRINTED OR PLAIN

M269

"a protest against depreciation"

WHAT does it cost to own a Rolls-Royce New Phantom? Compared with the cost of the average "good" car, owning a Rolls-Royce is the wisest investment a man can make. Look carefully at these comparative figures.

This is paying for a Rolls-Royce, but not owning one

	"Good" car price	Trade-in credit
1928	$5,000	
1931	5,000	1,500
1934	5,000	1,500
1937	5,000	1,500
	$20,000	$4,500
9 years of motoring have cost		$15,500
	$20,000	$20,000

This "$15,500," the cost of 9 years of motoring, is depreciation, and in spite of the cost, the spender has never experienced the supreme satisfaction of owning the best. For that sum, in 1928, you can buy a Rolls-Royce New Phantom. You will not sell it in 1931, or in 1934, or even in 1937. In actual dollars and cents the New Phantom you buy today, based on past experience, will be worth in 1937 about $7500.

But the New Phantom you buy today is built to last 20 years. You will want to keep it that long. Besides being a good investment, it yields other dividends—dividends of comfort, safety and satisfaction far beyond any other investment of comparable size.

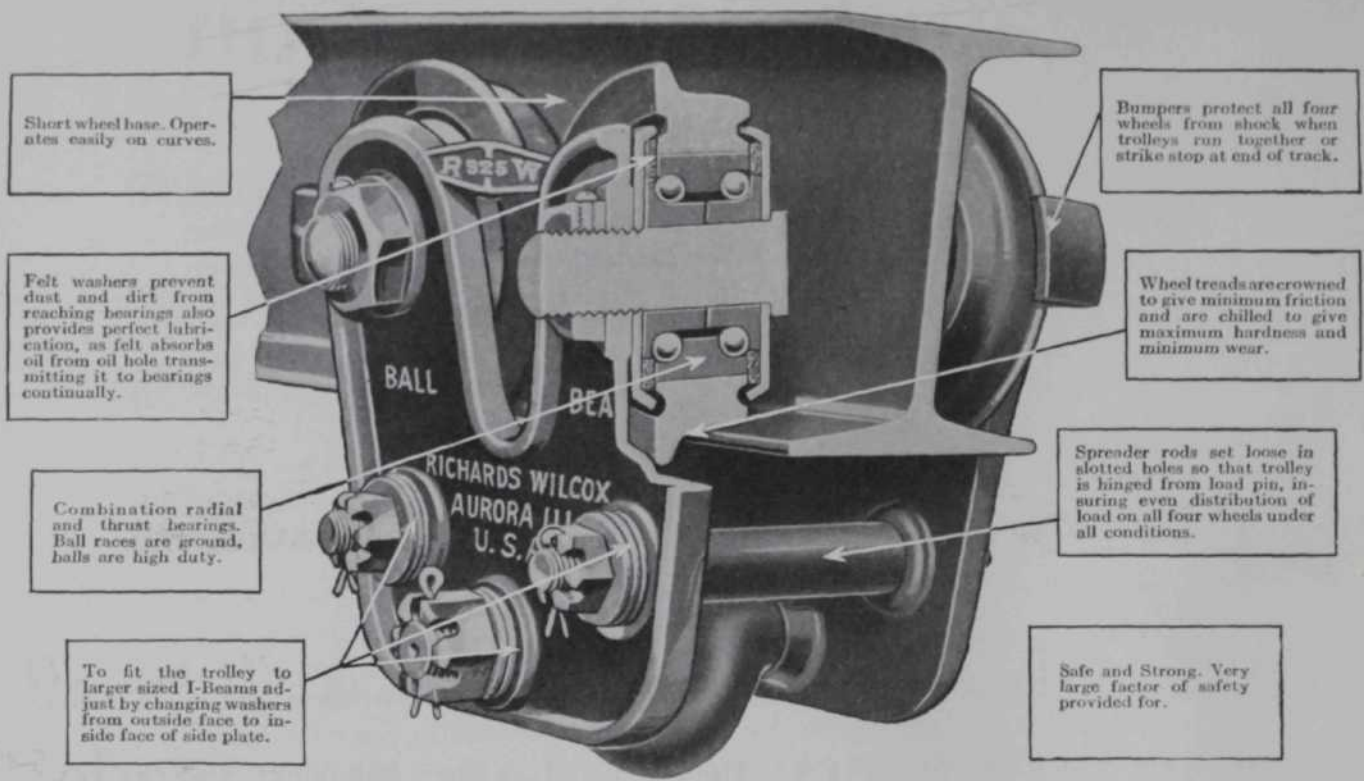
Remember that the New Phantom on the average costs, in 9 years, about half the cost of other "good" car motoring. Where $15,500 represents the depreciation on 3 "good" cars in 9 years, $7500 represents about the amount of depreciation you can expect on one Rolls-Royce in 9 years. Is not this economy and common-sense? Let us take you on a 100-mile trial trip over any roads you care to select at any time. *Executive Sales Offices:* Long Island City, New York. *Chassis Works:* Springfield, Massachusetts. *Branches in all principal cities.*

ROLLS-ROYCE

NEW PHANTOM

Nation's Business is published on the 30th of every month by the Chamber of Commerce of the United States, Washington, D. C. Subscription price $3.00 a year; $7.50 three years; 25 cents a copy. Entered as second-class matter March 20, 1920, at the Post Office at Washington, D. C., under the Act of March 3, 1879.

MORE NEWS



about R-W Ball-bearing trolleys

Month after month, evidence of the outstanding superiority of R-W Ball-Bearing Trolleys keeps piling up.

In a recent test the R-W 925 Trolley, carrying a one-ton weight, was started with the pull of a man's little finger!

Then there is the experience of the Mitchell Steel Company, whose president, Wm. H. Mitchell, writes: "Our tests show that the R-W Trolley is approximately 50% more efficient than any other we have ever tried," and we have tested many makes.

Another large organization which has put R-W Ball-Bearing Trolleys to severe tests is the Kohler Company. As a result of these tests they have purchased more than 2,000 R-W Trolleys.

We could go on for page after page showing you how R-W Trolleys are "doing their stuff" under actual working conditions. But why not test out the R-W Trolley for yourself? It will cost you nothing to do so.

Make This Test at Our Expense

To prove the efficiency of the R-W Ball-Bearing Trolley in your own plant we make this offer:

Tell us your requirements, and we'll send a Trolley of suitable capacity. Put it to the test under actual working conditions. If it does not more than come up to your expectations, send the Trolley back at our expense.

This offer, plus our engineering advice, will place you under no obligation of any kind. We suggest that you act on it today.

Richards-Wilcox Mfg. Co.

"A Hanger for any Door that Slides."

New York · · · AURORA, ILLINOIS, U.S.A. · · · Chicago

Boston Philadelphia Cleveland Cincinnati Indianapolis St. Louis New Orleans Des Moines Minneapolis Kansas City Los Angeles San Francisco Omaha Seattle Detroit

Montreal · RICHARDS-WILCOX CANADIAN CO., LTD., LONDON, ONT. · Winnipeg

(900)



"When the Fall season opens, we'll be all set to beat every record we ever made!"

"What it amounts to, is preparedness. We've decided to make the Summer slump pay *extra* profits this Fall.

"We're utilizing the dull months of our sales force and sales department to reorganize for a drive that'll beat anything we've ever done yet.

"I say sales drive, but I don't mean just a flash. We're getting set for a permanent performance!

"Every account is being gone over with a fine-tooth comb and we're putting all the information on Acme Visible Records.

"When our salesmen start out this Fall they'll have duplicates of those records with them. They'll know just what is expected of them and what every dealer should buy! And *why* he should buy and how much! Complete data on every account in their territories!

"By the time we're through, this Summer-slump business is going to pay us dividends. We're using our slow time now to make our fast time this Fall faster than ever before."



Acme is the world's largest company specializing exclusively in visible record equipment. Offices in principal cities.

Right now is the time to tune up all department records for Fall — stock, credit, purchase, production and costs — in fact every active record. There's a trained Acme man nearby to help you. Send the coupon — for the man, or for our interesting book: "Profitable Business Control." No obligation — the man, the book, or both. Mail it now.

ACME VISIBLE RECORDS

ACME CARD SYSTEM COMPANY N. B. 6-28
116 South Michigan Avenue, Chicago
Gentlemen:

☐ You may send me your book "Profitable Business Control"

☐ You may send your nearest representative to me

☐ Please write me concerning your system for handling _____ records.

NAME _____

FIRM NAME _____

CITY _____ STATE _____

How manufacturing skill is bringing down costs...



—in the Steel Industry, for example



Savings all along the line

Lowering production costs—that is how the steel industry in recent years has met the competitive struggle.

Operating economics have made these savings possible—economies in power consumption, in maintenance costs, labor costs, in most of the items that build up plant overhead.

In lowering operating costs, correct lubrication is a vital factor. Yet it is often one of the unintentionally neglected items of plant operation.

It is a rare industry where marked economy cannot be effected through a change to scientific lubrication.

We have on file many interesting records of tangible savings effected by the use of Gargoyle Lubricating Oils.

The Vacuum Oil Company has studied the specific lubrication needs of plants in every type of industry. We bring to manufacturers a world-wide engineering experience that includes the composite findings of thousands of plant superintendents, engineers, and foremen.

We invite you to apply our experience to the reduction of operation costs in your plant. A talk with one of our representatives may bring you some new cost-saving angles on the manufacture of your product.

GARGOYLE

Lubricating Oils

The world's quality oils for plant lubrication

Vacuum Oil Company

HEADQUARTERS: 61 BROADWAY, NEW YORK

BRANCHES AND DISTRIBUTING WAREHOUSES THROUGHOUT THE COUNTRY

When writing to Vacuum Oil Company *please mention Nation's Business*

This Month and Next

HOW DO YOU order your dinner when the waiter hands you the bill of fare? Do you order the main dish first, then work back to the beginning to the oysters and soup department, finally retracing your steps past roast beef and chicken casserole to reach the salads and sweets and coffee?

Or do you first decide on oysters or soup or both and work on methodically to the coffee?



E. M. Statler

Whatever you do you will find in the bill of fare of this magazine something for the taste of every business man.

The manufacturer who cries aloud about overproduction might read E. M. Statler's "The Race for the Guest," and discover that there is overproduction—and better yet how that problem is met. Mr. Statler's recent death removed from the business world an interesting figure.



C. D. Garretson

There is a new conception of the law and business growing up in the government's biggest law office, the Department of Justice. Colonel William J. Donovan, Assistant to the Attorney General, says the Department is trying to keep business in the straight path and not merely watching to clap it in jail if it leaves that path. Good sense and a good story of an impelling man and his views.

C. D. Garretson, President of Electric Hose and Rubber Co., tried advertising and wants the answer to some "why's" of it. Why was his campaign not more successful? Why can't advertising be measured more accurately? He has suggested some of the answers in his talk with James True.



James E. Boyle

While we are talking advertising and your mind is on that subject, read Roy S. Durstine's clear explanation of that highly developed machine, the advertising agency.

Again and again men write to NATION'S BUSINESS: "What's to become of the old man in industry?" And the complaint is that business thinks he's old at 50. E. S. Cowdrick, student and author and secretary to a joint conference committee on industrial relations, tells us what American business is doing to meet this. An

VOLUME SIXTEEN NUMBER SIX

NATION'S BUSINESS

Published Monthly by the Chamber of Commerce of the United States, Washington, D. C.

MORE THAN A QUARTER MILLION CIRCULATION

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As the official magazine of the National Chamber this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers to which expression is given.



Equal to the Emergency

A Scotch freighter nosed her way into the East River. She was to discharge part of her cargo at New York and proceed promptly to other ports.

The boat had been at the dock only a few hours when an officer of the law served an attachment on the vessel in behalf of a New York firm which had claim against the vessel's owners.

The ship might be held up for weeks. Delay would mean heavy loss to the owners. Port charges, wages and keep for the crew would pile up expenses rapidly —this in addition to possible damage claims for failure to deliver merchandise on time.

At this point the American Exchange Irving Trust Company came into the picture. A correspondent bank abroad cabled, requesting that the New York bank obtain the release of the steamer.

An officer of this Company conferred with the representatives of the libellants and offered to cooperate in such a way that their client would be protected without the necessity of holding the ship. This proposal was accepted at once and the vessel was enabled to sail at the scheduled time. Heavy losses to the ship's owners and to consignees of the cargo were prevented by the prompt action of a wide-awake, resourceful bank.

OUT-OF-TOWN OFFICE

AMERICAN EXCHANGE
IRVING TRUST COMPANY

Woolworth Building, New York

agreeable and inspiring article in this study of pensions.

Chain stores on every corner! Chain stores on every business man's mind! Here's a view of them by E. C. Sams, president of one of the biggest, the J. C. Penney Company.



Roy Durstine

It's part of the banker's job to know much about many businesses and to see those businesses in their relation to each other. One reason we are glad to have C. Stanley Mitchell, president of Central Mercantile Bank & Trust Company, write on "The Banker Looks in on Distribution." One thing he does is to put clearly in its proper place the functions of warehousing.



C. S. Mitchell

That's applied economics. Professor James E. Boyle deals a little with the theory of economics in "Why Consumers Don't Consume," but don't let the word "theory" make you think it is dull. Professor Boyle is never dull.

For a lighter touch for the ice cream and pie of this menu we are offering you, here are three suggestions:

"Business that Blooms in the Sun," by R. C. Willoughby, a story of high seasonal and highly seasoned industries.



E. S. Cowdrick

"You Can't Win in the Grandstand," by Chester Leasure, a little short talk to the business man who takes his interest in politics out in complaining.

"My Town Has Too Many Organizations," by O. W. Saunders.

Just a glance ahead. Last month Julius Barnes talked of "the market of discontent," the growing impulse for better things which is remaking the world of business. The same idea bobs up in July in "The Market of Distinction," by Samuel Reyburn, who as president of Lord & Taylor might be termed a "merchant of distinction."



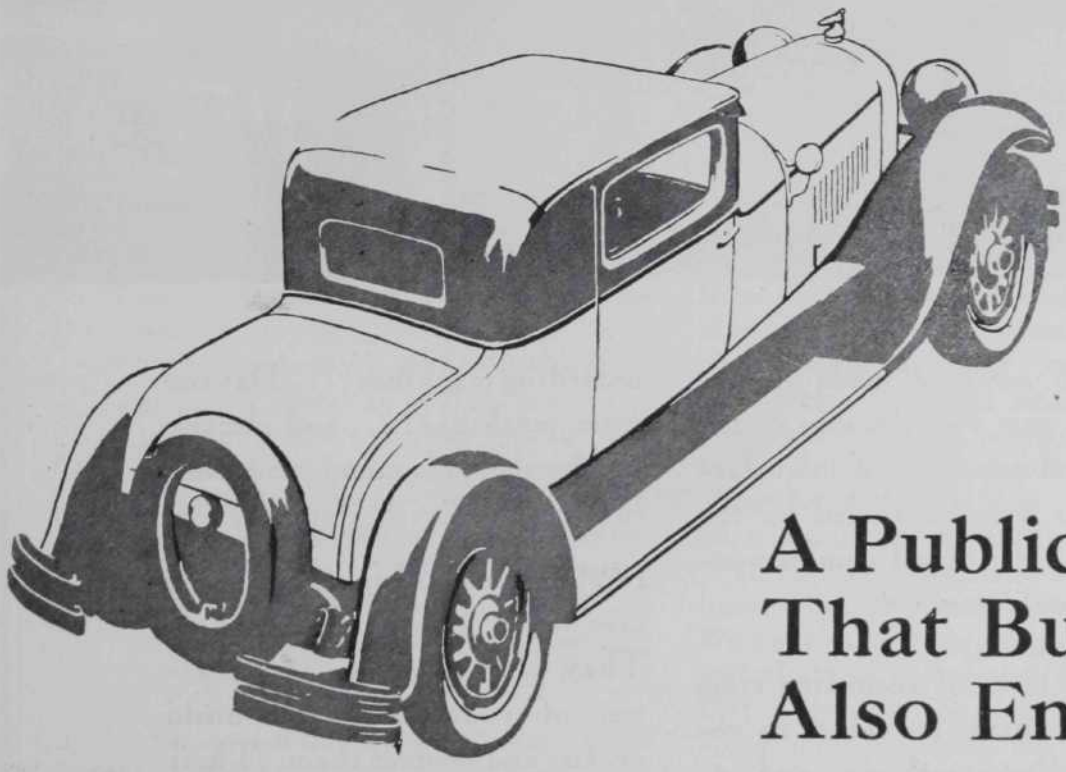
R. Willoughby

"Who's looney now?" was once a famous question. "Who's socialist now?" asks Roy Elward, president of Kansas State Taxpayers' Organization, and answers "The Business Man." More paternalistic projects are put out in Chambers of Commerce and luncheon dates than in any other groups in America.

Walter Burr shows how the farmer is spending his money and points out some of the new influences that are encouraging him. Three items from July's bill of fare, and there are twenty more just as good.

ESSEX Super 6

Outselling All "Sixes"



A Public Favor That Business Also Endorses

The most important thing ever said of Essex is said by buyers in the largest 6-cylinder sales, and the most overwhelming competitive preference of automotive history.

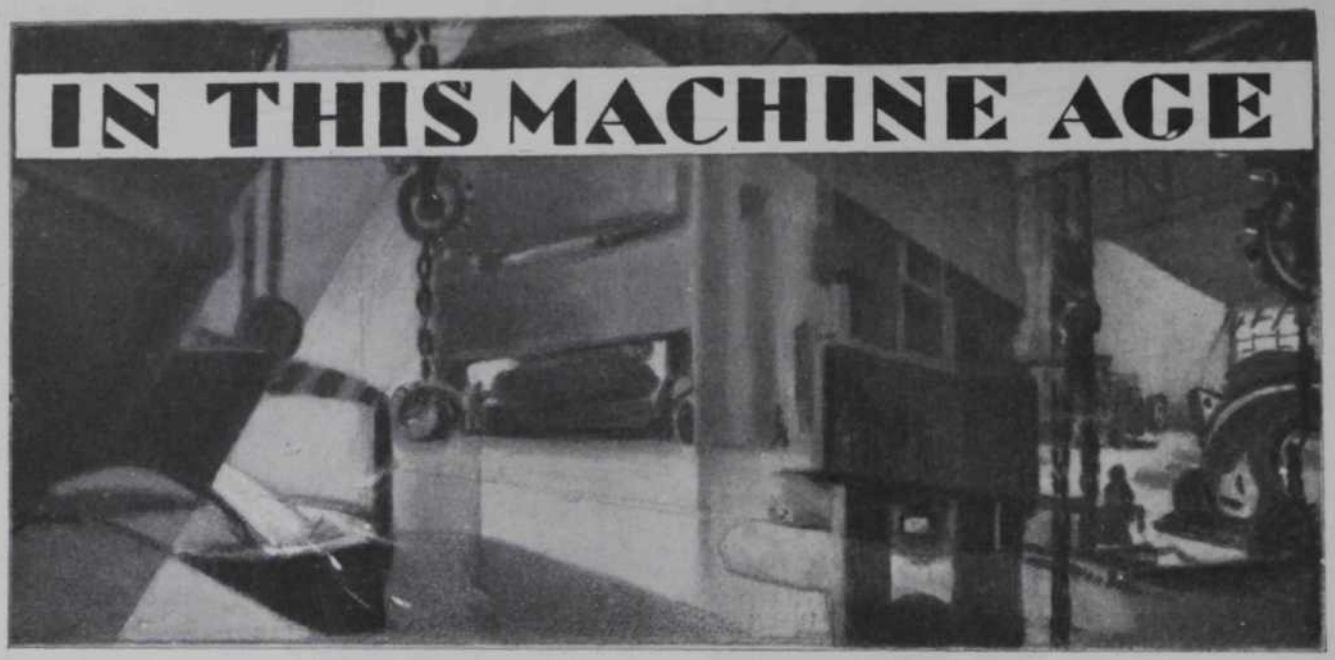
In many territories Essex sales exceed those of any other "Six" by more than 2 to 1. And, with slight variations, this preference is the nation's and the world's.

The great qualities that recommend Essex to the individual buyer are the same that give it foremost favor with fleet and business users—value, economy, smooth 6-cylinder performance, long-wearing reliability, and riding ease. Its records of economy are so numerous, and striking, that we would be glad to discuss their application to your business.

Just to examine and ride in an Essex Super-Six reveals such visible margins of value, in beauty, performance and comfort, that you cannot fail to share the overwhelming public conviction.

HUDSON MOTOR CAR COMPANY, DETROIT, MICHIGAN

IN THIS MACHINE AGE



THE advance made during the past two decades in the technical processes of manufacture has been paralleled by the mechanizing of all complementary procedures.

To the tasks of recording time and computing its value, to retail selling methods, and to accounting in all its phases, the International Business Machines Corporation offers a service-tried line of more than six hundred types of mechanical devices electric time indicating, signalling and recording machines Dayton store machines and electric tabulating and accounting machines (Hollerith Patents).

International Business Machines save time, labor and money. They eliminate the complexities of routine. They build profits and protect them. Their value cannot be limited by the size or nature of any business.

State your problems to the nearest INTERNATIONAL representative. He will give you the proper solutions. No obligation, of course.

International Business Machines Corporation

THE TABULATING MACHINE COMPANY DIVISION
INTERNATIONAL TIME RECORDING CO. DIVISION
DAYTON SCALE COMPANY DIVISION

50 BROAD STREET, NEW YORK, N. Y.
Branch Offices and Service Stations in
All the Principal Cities of the World

BUSINESS INTERNATIONAL MACHINES

CANADIAN DIVISION
International Business Machines Co., Ltd.
300 Campbell Avenue, West Toronto, Ontario, Can.

★ NATION'S BUSINESS ★
A MAGAZINE FOR BUSINESS MEN

Forward! But Hold the Course

IT IS NOT by accident that the United States today enjoys the most widely distributed prosperity that any country has ever enjoyed in the world's history.

This prosperity was not brought about by any mere machinery of business such as mass production, mass selling, or mass credit. Nor by wealth of natural resources—unhappy Russia has equal resources.

Our prosperity is the result of a novel and truly American political and industrial philosophy—a great human principle that can be put into five words: In dividual Reward for Individual Merit.

Here in America we have said to our boys and girls: "You can go to the very top in any line of endeavor. The sky's the limit. Your destiny lies not in your birth or heritage. Your destiny is in your own hands."

How well this philosophy has worked out in political life! It has permitted a farmer boy from Vermont to attain the highest position a democracy has to offer. It permitted nine boys who earned their own way in life without economic inheritance, eight by manual labor, to sit with the 12 men forming a White House Cabinet.

On the industrial side this philosophy has likewise its dramatic manifestations. A Detroit boy, sending himself out as a bicycle repairer, is today perhaps the richest man in the world.

This philosophy is now threatened. Grave and reverend Senators, themselves reaping the rewards of this political philosophy, point another way for industry. Politics can do a better job, they say; politics can offer more to our boys and girls in government operation of business.

Politics should run a merchant marine; politics should make and sell electric light and power, and fertilizer, and the farmer's grain.

Detour! We, for 140 years have been on the wrong road. If the price of corn is too low, politics can raise the price. If the cost of fertilizer is too high, politics can lower the cost.

It is high time that we fixed in our minds the metes and bounds of government. What is the true province of government? What can government do, and what should government do?

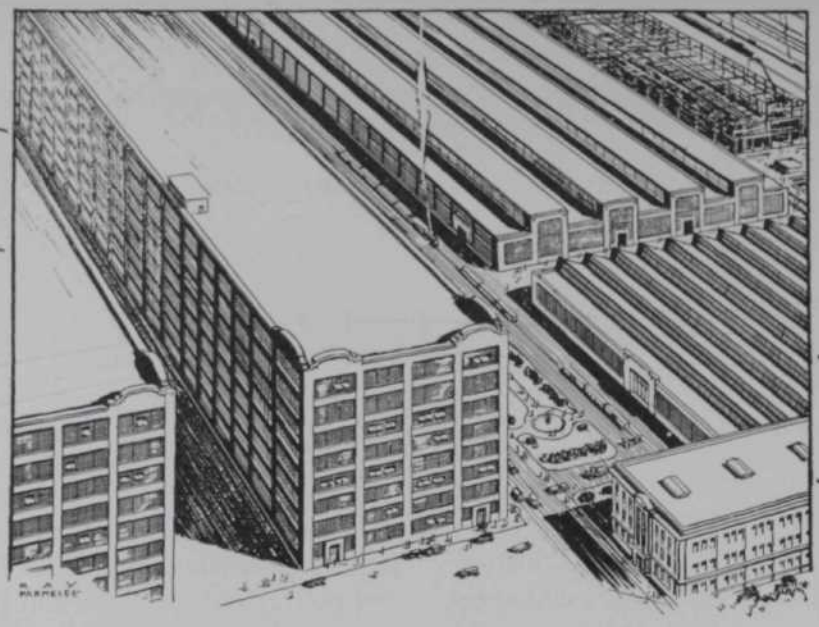
The evil of government operation of business lies not so much in money waste. We are rich and can afford that. The wickedness of government operation is that it deprives the individual of the opportunity to hazard his energy and ability—and to reap the reward if successful. That policy has brought us our prosperity—none other.

Government operation of business lacks imagination and originality. It never creates anything—except jobs. It is a dead hand on initiative.

Detour? Down an unpaved road, without guide-posts, with no certain destination?

Rather, *Forward!* Holding to the 140-year course we have come—individual reward for individual merit, with government cast in the rôle of umpire, guaranteeing a fair course and no favors.

Merle Thorpe



Austin Building Speed is Guaranteed

—Up to 1,000,000 sq. ft. of floor space in 90 working days
—Up to 100,000 sq. ft. of floor space in 60 working days
—Up to 50,000 sq. ft. of floor space in 30 working days

FROM Coast to Coast, Austin's speed in design and construction is enabling business executives to take advantage of 1928 opportunities months earlier than would be possible otherwise.

Nation wide organization, extraordinary facilities, and experience in designing and building more than 2,000 industrial plants, make this unusual service possible.

Under the Austin Method of Undivided Responsibility, design, construction and equipment are all handled by this one competent organization. A Lump Sum Contract guarantees in advance:

1. Low total cost for the complete project.
2. Completion date within a specified short time, with bonus and penalty clause if desired.
3. High quality of materials and workmanship throughout.

Whatever type or size of building project you may be considering, it will pay you to get in touch with Austin. Approximate costs and other valuable information will be furnished promptly.

Wire, phone the nearest office, or mail the memo.

THE AUSTIN COMPANY, *Engineers and Builders,* Cleveland
New York Chicago Philadelphia Detroit Cincinnati Pittsburgh St. Louis Seattle Portland
The Austin Company of California: Los Angeles and San Francisco The AustinCompany of Texas: Dalla

AUSTIN
Complete Building Service

Memo to THE AUSTIN COMPANY, *Cleveland*— We are interested in a project containing sq. ft. Send me a personal copy of "The Austin Book of Buildings." Individual
Firm City
NB 6-28

When writing to The Austin Company *please mention Nation's Business*

JUNE 1928

VOLUME XVI
No. 6

NATION'S BUSINESS

Published at Washington by the Chamber of Commerce of the United States

MERLE THORPE, Editor

As the Business World Wags

THUS WE MAY SEE, QUOTH HE,
HOW THE WORLD WAGS—*As You Like It.*

Business Is On Record

THE newspapers of May 2 carried long cable dispatches describing demonstrations and outbursts by workers in every quarter of the world.

"May Day Observed by World Workers," said one head line, adding quickly, "Bloodshed in Poland."

American business had its May Day or rather its May Week. It was a demonstration and a demonstration in force, but of orderly force, of quiet power.

The Annual Meeting of the Chamber of Commerce of the United States of America, held in Washington May 7 to May 13, brought together some 3000 leaders of American commerce and industry. Not "big business" men in the sense in which the newspapers use that phrase, but "big" in the sense of leadership in their industries and their communities.

While this is written the meeting is still in session. The story of it will be told in the extra number which NATION'S BUSINESS each year puts in the hands of its readers.

Two things leaped from the meeting to the front pages of the newspapers: the quick acceptance of the demand voiced by Judge Edwin B. Parker, Chairman of the Board of the National Chamber, that business rid itself of the wrongdoers who hold themselves superior to the law, and the call for a scientific and understanding approach to the farm problem.

The Chamber's Annual Meeting was in every sense notable, notable not only as a gathering of American business intelligence but as a setting forth of the high sense of honor which that business seeks to attain.

A Tribute to Mr. Rockefeller

IT WAS only a coincidence but a most interesting one that the same week, in which the Chamber upheld Judge Parker, saw also the straight-out demand from John D. Rockefeller, Jr., that Robert W. Stewart resign as Chairman of the Board of Standard Oil of Indiana.

"Business," said Judge Parker, "is here concerned with purging its profession not only of the principal offenders, but of those accessories, either before or after the fact who, unmindful of the public interest involved and of their duties to the public, are guilty of a suppression of the truth which the public has a right to know."

The reception to Mr. Rockefeller by the 1600 men and women who attended the Chamber's annual dinner was a fine tribute not only to the man but to the principles for which he has stood so courageously.

The New Concept of Business

ONCE the gambling fraternity was full of "Honest Johns" and "Honest Dans" and "Honest This" and "Honest That."

They qualified for the distinction of "Honest" by living up to this description:

"Sure, he'll take a sucker when he can. If he didn't some other guy would. But he never squealed on a pal and he never broke his word."

There was a type of business morality common a generation or more ago which lived up to the definition of the Honest Johns and went but little farther.

"Let the buyer beware," was accepted. If he didn't find the weak spot that was his lookout. Business was "every man for himself." If you could outwit a competitor so much the better. Certainly you kept him as ignorant of your business as you could.

"Pay your debts and keep within the law—at any rate don't get caught."

We are fast passing out of that stage, not all of us and not all the way out, to be sure, but always more of us and always farther out.

Taking Care Of Veterans

WRITING in the *North American Review* on "Old Age at Fifty," Secretary of Labor Davis makes these statements:

> This arbitrary discharge of the worker, regardless of his fitness, at an age arbitrarily fixed, is becoming a general policy. The policy is spreading through the executive offices of business, as it spreads through factory and shop. The tendency is to fix the age of retirement at a limit ever progressively lower. By some employers it is placed as low as forty years. It begins to be serious and alarming.

"Serious and alarming?" Yes, if it were true. But industry is prepared to say that it is not true. Arbitrary discharge of the worker is not becoming a general policy.

On the contrary employers are giving increased attention to their older men even during times of enforced lay-offs.

A statement more nearly true is that many corporations are setting very low maximum age limits for hiring new

employes. It is not uncommon for corporations to refuse to take on any man over 45. That such a policy makes for some hardship is not to be doubted.

Another problem which is engaging the attention of industry is that of the man who, physically or mentally, has reached a lowered standard of efficiency without being so disabled or so old as to be pensionable. To deal with such a man is a troublesome question in these days of sharp competition.

It is with such questions as these that E. S. Cowdrick deals in the article on page 19 of this issue, and no one can read that article and avoid the belief that while American business has still a long road to go in dealing with industrial relations, it is not going backwards as Secretary Davis seems to think.

Business Interest In Farming

A SOUND national agricultural policy that shall recognize that farming a business and that the interests of farming and business are parallel is presaged by the announcement that the National Chamber will submit to referendum of its member organizations a studied program that shall be helpful to the farm interests of America and that shall be helpful to the business interests of America, since to help the one is to help the other.

It is significant that at the Annual Meeting the discussion of agricultural problems aroused hearty interest both at the general meeting and in group discussion. Teamwork by farm, factory and store is no idle dream.

What Wages For Money?

THE OHIO BANKERS ASSOCIATION recently sent out to thirteen member banks a sample saving account. Each received the same statement, which showed that the account had started on July 1 with $262. By September 2, the balance was $716. Then $300 was withdrawn. The account fluctuated then until December 17, when $101 was in the bank. Its lowest point was $46, and its highest $716. The thirteen member banks were asked to tell just what interest they would pay on such an account at the rate of 4 per cent compounded semi-annually, on July 1 and January 1.

The results were surprising. The maximum was $7.46; the minimum was $.57. Three banks paid 94 cents and two paid 98 cents. Of the other eight no two were alike. Differences were due to varying rules on dates from which deposits were counted as drawing interest, differences as to average balances and differences as to periods for which deposits must remain in the bank before drawing interest.

Perhaps banks need standardization.

The Case for Capitalism

NEAR THE close of a long, thoughtful and successful life, Henry Holt, the publisher, took time to write the opinions of a man well over 80. He had read much, listened to much and seen much of economics in theory and practice. And near the end he wrote this setting forth of philosophy, and rarely have we read a better statement of the case for capitalism:

> Next to the family, the one institution on which civilization rests is the right of private property—the opportunity of every man to obtain and hold it. The growth of this right made the advance from slavery and feudalism. Owing to the great difference in men's capacities, its present most marked attainment is capitalism, but with the gradual development of men's capacities, especially as promoted by the spread of education, capitalism seems destined to evolve into cooperation, of which the germs are already manifest in the savings banks and stock companies, especially the avowedly cooperative companies whose special development has been in England.
>
> The only legitimate and permanent source of private property is production. The robbery of Russian landholders or American manufacturers, to confer the semblance of property rights on the incapable, is not evolution, and can have no permanent results. In all such proceedings, the property has soon disappeared, or found its way back to the capable. Such processes are catastrophic; the only successful ones have been evolutionary. The general realization of this would probably do more to settle the irrepressible conflict between the have's and the have-not's than any other purely intellectual agency now within sight.

A Baby Industry Grows

TO MOST of us electric refrigeration seems one of those magic industries that grew over night. Certainly it grew with amazing speed. Timidly it was tried out in 1908, but it was not until six years later that it got under way.

Figures published in *Motor* give the 1914 production as 600 and the 1927 output as 365,000, made by 160 companies of which one makes more than 60 per cent.

But more striking is the growth in advertising appropriations. In 1922 national magazines carried $7,800 in advertising for electric refrigeration, and 10,000 refrigerators were sold. In 1927 they carried $1,525,000 worth and 365,000 units were disposed of. The advertising of the refrigerator in 1922 was 78 cents and in 1927 it was $4.18 per unit sold. It is not fair to compare those two years, but what of 1926 and 1927? In 1926 the expense per refrigerator sold was only $2.50.

The amount of advertising spent goes up proportionately faster than the number of sales. Is that because there are too many producers, many of whom are fighting a losing fight?

The Luxury Market

THE market for luxury grows. "Man wants but little here below nor wants that little long," may have been true when Goldsmith wrote it, but it isn't true, at least the first part of it is not, in these tremendous times. If manufacturers and merchants aided and abetted by salesmen and advertising agents have their way, man wants a lot here below. Upon the thought that man doesn't want that little long, industry looks with favor, for as Paul Mazur points out in his "American Prosperity," obsolescence is the new god of the high priests of business. If the consumer will buy not one new hat in three years, but three new hats in one year, all is well in the world of business.

One of these never filled "markets of discontent" is that for travel and for increased comfort in travel. Undismayed by any threat of airship competition British ship owners are building new and finer, but not necessarily faster, airships. A striking thing about the one which Harland & Wolfe are building for the White Star Line is that four of six first cabin decks will be for rooms with private baths.

Who now proudly walks up to the desk of a hotel and says: "Room with bath, please?" No new hotel has fewer baths than rooms and now a ship comes with two thirds of its cabins so equipped.

Man wants a lot here below and he gets it.

A Move in Mass Retailing

NEARLY four years ago Edward A. Filene, Boston merchant, wrote in an article in NATION'S BUSINESS:

"The chain department store is in existence now. It is, I believe, bound to grow."

Events have justified that prediction. A recent bit of evidence is the formation of Hahn Department Stores, Inc., to buy and operate department stores doing from $2,000,000 to $5,000,000 in annual business. It is the belief that the first year's business of the new concern will be $100,000,000.

Every retailer, every department store proprietor will, of course, watch this development keenly. But what of the effect on the manufacturer? The buying power of such an organization is tremendous. How strong will be the tendency of such an organization to go into manufacturing or to make the manufacturer merely the producing branch of one selling organization?

It is pleasant to note that the Hahn whose name these stores will bear is Lew Hahn, Managing Director of the National Retail Dry Goods Association. A capable trade association executive goes back to business on a big scale.

Our History In Statistics

THERE is a whole history of the United States in a little book recently issued by the Geological Survey called "Power Production and Capacity in the United States." It is a history that must be sought in figures and not in accounts of battles and political campaigns.

From 1849 to 1923 the population of this country grew from 23,000,000 to 111,000,000, almost 500 per cent. In the same period workers in factories multiplied more than seven times.

Meanwhile the horsepower of prime movers went up from 10 to 684 millions. But the surprising figure needs qualifying, for of that 684,000,000, more than 500,000,000 horsepower is in automobiles, so that power in manufactures increased from 1,100,000 to nearly 20,000,000. In other words while we were multiplying population by less than 5 times we were multiplying power in manufactures by more than 18 and power available, including the automobile and the railroad, by nearly 70.

Very striking, as showing the change in the geography of manufactures, are the figures for power used in manufacture. The Middle Atlantic States, New York, New Jersey and Pennsylvania, and the East North Central States, Ohio, Indiana, Illinois, Michigan and Wisconsin, had in 1923 about the same population, in the former group 23,300,000 and in the latter 22,600,000. Their use of horsepower in manufacture has somewhat the same relation, in the former 9,600,000 and in the latter 9,060,000. But growth, as shown by these figures, has been faster in the East North Central States and faster than all on the Pacific Coast.

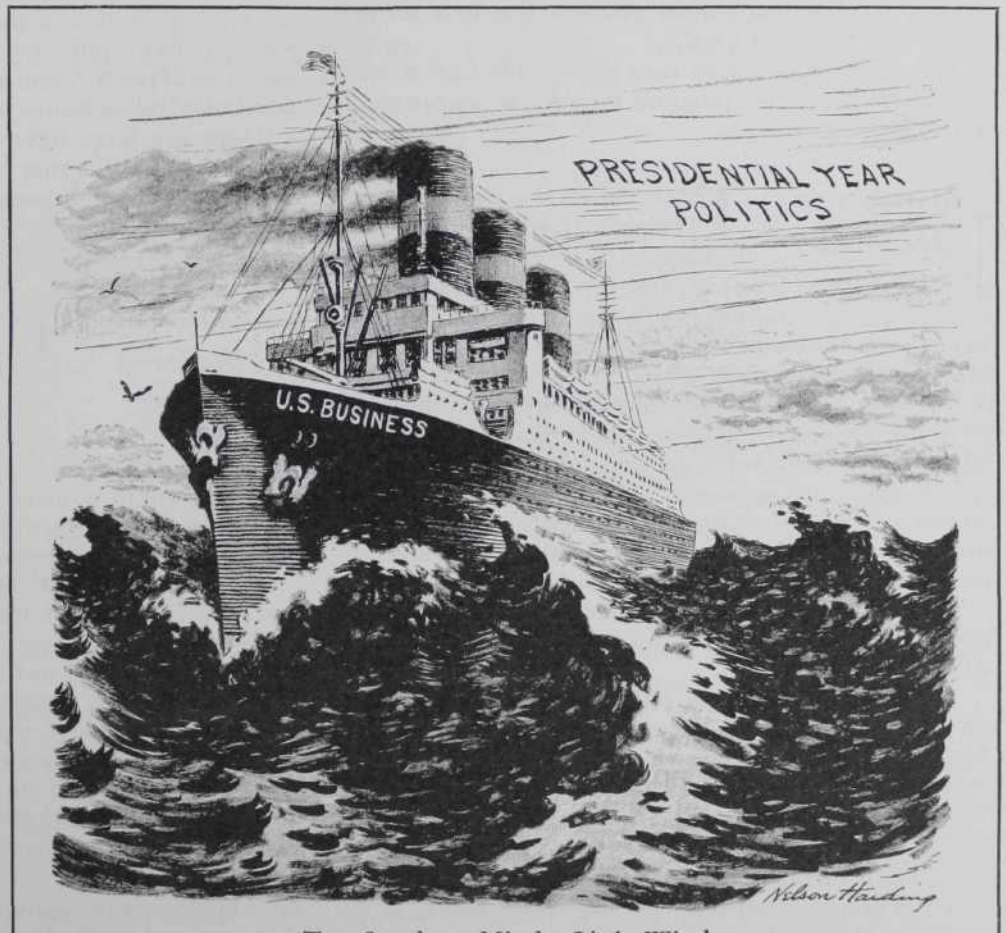
For a New Department

RESPECTFUL suggestion for the United States Government—a Bureau of Information at the Union Station, Washington, to advise and guide those seekers for aid and information from federal authorities and those unhappy souls who have come in contact or in conflict with the United States Government.

The other day there wandered into this office a man who had spent a morning trying to locate which man in which division of which bureau of which department could tell him what he wanted to know.

Luckily, NATION'S BUSINESS was able to put the information at his disposal or to start him on the right road, but not always does that happen.

Not that we credit the stories of men found starving and delirious in the apparently endless corridors of government buildings after having wandered for days in search of the man who knew something about the economic possibilities of canning frogs' legs. But the



Too Steady to Mind a Little Wind

Government *is* a vast and complex institution and to find the right man with the right information is difficult.

The chief of this new department we propose must be little short of omniscient and a paragon of tact and politeness.

What we vision is a scene like this:

The Busy Business man from Conneaut arrives on an early morning train.

He has been summoned to Washington to explain his tax report for 1919, and while he's here he wants to invite the President and his cabinet to attend an unveiling of a statue to the inventor of holeless doughnuts and also to learn whether he'll be put in jail if he calls up a rival manufacturer and asks him as one Rotarian to another what price he's quoting on boxed artesian wells for the export trade.

He steps up to our proposed bureau or division or department and to a courteous man he tells his wants. The courteous man replies:

"The man to tell you about your tax is Mr. Watsum in the building at A and B Streets. I'll call his office and see what's the best time to see him. Of course, you can't see the President on short notice, but I'll arrange for you to see Mr. Smuffins at the White House and he'll tell you how to go about presenting your case and what the chances are.

"Now as to your question about the boxed artesian wells, I think you'd better try to see the Thirteenth Deputy of the Fourth Assistant to the Attorney General. He has that matter in hand and, while he might not give you any help, still it would be well to see him. He's one of the men who stays in his office late and he doesn't mind seeing callers between five and six and you won't be interrupted."

And the Busy Business man goes on his way and accomplishes his whole program in one day with a minimum of effort.

Mysteries in the Mass

TWO NEWS items seize the eye. Dwight Morrow, formerly a member of J. P. Morgan and Company, now our Ambassador to Mexico, is ill. He spends his day reading detective stories. Was it twelve he read? Some figure at least approaching that.

Mr. Morgan himself returning somewhat unexpectedly from Europe on the Aquitania spent most of the time in the seclusion of his cabin reading detective stories.

It is not to be supposed that the desire for detective stories is confined exclusively to members and former members of the House of Morgan, nor even that it is limited to the banking fraternity.

These tastes of Mr. Morrow and Mr. Morgan are no more than an indication of what the advertising agents call "consumer demand."

There are not hundreds, but thousands, and hundreds of thousands who must have, if not their daily dozen of detective stories, at least one or two or three a week for spare time reading.

But what is industry—the detective story industry—doing to meet this demand? Is it on a mass production basis, has it been mechanized as it should be mechanized that is with due regard to "consumer-preference" in regard to style?

Obviously not. It is plain to us, too, that there has been no proper marketing survey on behalf of the industry. Such a survey would, we believe, go far to dispel a current belief on the part of producers that there is a demand for "love interest" in detective stories. Personally, we resent it and we believe the great consumer mass is with us. It does not want a love story tied up with its mysteries. It wants, if we interpret it rightly, its murders puzzling and introduced in the first chapter. The producers of detective stories should realize once for all that the great consumer group which absorbs their output does not want its detective to be young and handsome. Nor does it want him to fall in love with the murdered man's niece.

Detectives should be middle-aged, saturnine, gray, and preferably from Scotland Yard.

But why continue? What is needed is a market survey, then mass production accompanied by "consumer stimulation" to the end of increasing the market.

Flood Control a Federal Job

FLOOD control in the Mississippi Valley is a national matter, a task for the United States as a whole and not alone for the states which are immediately concerned.

The passage of the Jones-Reid Bill is a recognition of this fact. By it the Federal Government assumes the responsibility because of the effect floods in the valley of the Mississippi have on

National Prosperity
The Flow of Interstate Commerce
The Movement of the Mails.

There is recognition also that the expense is too vast for any one section of the country to be asked to bear. Already local interests have spent $292,000,000 on measures of relief, a sum almost equal to the $325,000,000 which the United States is now authorized to spend.

These are large figures even if thinned out by the knowledge that the sum will be apportioned over a numbr of years but they seem less impressive when it is recalled that incomplete and conservative estimates put the flood loss in the 1927 flood alone at $200,000,000.

Control of Business

IN A LONG review of "Britain's Industrial Future," the report of the Industrial Inquiry Committee of the Liberal Party, *The New Republic* describes "much of the thought of this country" as "stretching out toward the social control of economic institutions."

A statement with which it would be possible to agree only if "social" be first defined. If by "social control of government institutions," we mean government control, it may well be doubted if much of the thought of the country is stretching out along that line. If by social control of economic institutions we mean that business is recognizing and assuming new responsibilities toward the public; if we mean that business is slowly but surely regulating itself; if we mean that business is developing a social conscience of its own, then we are prepared to accept the assertion that we are stretching out toward a social control of economic institutions.

But if this control is to be exercised by the Government in place of the individual, the industry or the group, then one may well doubt that the mass of American thought has accepted that program, as either right or inevitable.



Wanted–A Yardstick for Advertising

As related to James True

By C. D. GARRETSON

President, Electric Hose and Rubber Company, N. Y.

Illustrations by C. P. Helck

MY COMPANY was the first to advertise garden hose extensively. In 1923 we began to publish a series of cartoon advertisements, which created comment. Last year we discontinued the campaign, after spending more than $150,000 in advertising our five-eighths-inch Electric garden hose, and not only our competitors, but wholesalers and manufacturers in divers commodities want to know how we came out.

Did our advertising pay? Has it created a larger demand? Has it made it easier to sell the wholesaler? Would you advise another manufacturer to advertise?

In answering all questions of the kind, I must reply, "I do not know."

Whenever I make statements such as these at a business meeting, almost invariably some fellow leaps to his feet to defend advertising. But advertising needs no defense. The fact appears to be firmly established that advertising, when used properly, is a valuable economic power. I accept this. My problem, and the problem of many national advertisers, is concerned with the use and application of the power of advertising, and in this field I do not hesitate to say that many of us are only groping in the dark.

In turn, I have asked many successful and some unsuccessful advertisers numerous questions, and I have been astonished at their general ignorance regarding the measurable results of advertising. In all branches of our business we demand facts on which to base our decisions, and every year we are able to secure new and dependable data; but in the field of advertising we seem to rely too largely on faith and opinion.

Why Not Cut Out Waste?

THIS seems strange, for I am convinced that one of the real needs of American business today is a yardstick for advertising—a simple means of determining the influence of this economic factor in every phase of merchandising.

That in advertising, as in all other kinds of business, there is much waste we cannot honestly deny. Then why not make an effort to eliminate the waste?

My company has found it impossible to secure unbiased and accurate information on many phases of the subject. Reports of market investigations submitted to us seemed to have been prepared solely for the purpose of promoting some form of advertising, and we have found it very difficult to secure any data on the subject accumulated by independent and disinterested agencies.

When we began our campaign we looked upon advertising as a stimulant to sales. We wanted to increase our volume rapidly for several reasons. We were advised that many manufacturers in other lines had increased their business by means of advertising, because they continued to advertise year after year, and we had held before us that they would not continue to do so if it were not profitable.

For these and for other reasons we became national advertisers in a comparatively small way. We had sufficient faith, although there were many things we did not know about the subject. We entered into contracts for service and space, and there is no doubt that a very large percentage of the entire volume of advertising is bought on the same basis.

We expected our advertising of Electric garden hose to induce the consumer to go to his dealer and not only ask for but to insist upon getting our product. We had called in reputable specialists, and they agreed with us that advertising would create the desired result. They prepared the copy and other de-

tails of the campaign. Of course, there was a good deal of talk in the trade about our effort. Advertising was something of a novelty in our industry, and after the first advertisement appeared we were solicited by scores of concerns who promoted different forms of advertising, and each presented data to prove that his form was the best for our purpose. We had no way of checking up or proving many of the statements made to us by various advertising men, and we became somewhat confused.

What of Trade Papers?

CONSIDER, for instance, the advisability of advertising in the trade and class papers. Trade paper advertising, we have since discovered, is a force which tends to push goods into the channel of distribution. Consumer advertising on the other hand, is supposed to pull them out of distribution. In reality, the two are supplementary forces, yet we found that they are considered to be competitive by many of the advertising specialists.

From our experience, advertising to the trade is a valuable adjunct to consumer advertising. It is certainly necessary to notify wholesalers and retailers of every effort being made to induce the consumer to buy goods. Furthermore, we have found that trade advertising is profitable; but we have never been able to find any data to lead to an accurate estimate of what our proportion of trade advertising should be to consumer advertising.

Soon after our campaign was under way in several large general magazines, we found that we had overlooked an important factor. Our opinion of what advertising would do for us we had formed on the apparent success of various other manufacturers; but we found that the period of replacement of the goods made a great deal of difference in the results of the demand created.



Is it better to spend $150,000 in trade papers, setting forth our policies of doing business? Or would it be better to confine our advertising largely to the general and class magazines?

Practically everything that is advertised widely is bought more frequently than garden hose. A woman buys prepared foods every day or two, a man buys a suit of clothes twice a year; but usually four or five years elapse before a purchaser replaces his garden hose. Unquestionably this difference calls for a special way of advertising; but we have not been able to find just what this special way should be.

The question of advertising appeal seemed to be very simple. We decided to talk about the high quality and superiority of our garden hose. For many years throughout the trade, the product has been considered standard, and we thought that all we had to do was to tell the consumer about the long and economical service he would secure from our product. And we didn't take ourselves too seriously. We used illustrations of an amusing character, drawn by an artist of note, and the authorities consulted agreed that our advertising appeal was adequate.

As large national advertising appropriations go, our expenditure was not great. It may be asserted that if we had spent more our results would have been much larger. That has been said to prove that our appeal was right. But subsequent events seem equally to indicate that our results would have been very much larger if we had used a different appeal.

About a year ago, when I started a little educational campaign of my own to wholesalers, dealers and purchasing agents, I had no thought of advertising as a stimulant to sales. We had worked out an unusual policy of conducting our business, and I was convinced that the principles involved could be profitably applied throughout our entire channel of distribution. I embodied an outline of our policy, with a quantity of facts to prove how advantageously it had worked out in our own affairs, and appealed to wholesalers and dealers to adopt similar policies, in a series of "Thinking Through" booklets.

My motive was not only to promote good business practices, but to do what I could to aid the others in establishing their businesses as parts of the most economical means of distributing manufactured products. In doing this, I was somewhat selfish, because I rather hoped that the adoption of such practices on a wider scale would eventually benefit our business; but, as I said, I had no thought of advertising our merchandise.

Results, however, as measured by new business received, have been astonishing. The campaign has produced more real business than we can trace to the national consumer campaign, and at less than three per cent of the cost of the latter.

It would be misleading to say that this proves or even indicates that one method of distributing information is better than another. The information imparted is the thing, and the fact is that an appeal based entirely on policy and the principles of good business created a large demand for our goods. The real question is concerned with whether an appeal of this kind would have brought us more business from the public than the talk we published regarding the high quality of our merchandise.

Gained Retailer's Approval

THIS phase of the subject immediately suggests the little-known influence of the retailer in making sales to the public. When he was persuaded to buy our goods, there is no doubt that he was convinced that he could sell them profitably. Therefore, if in selling goods that are replaced by the consumer only every four or five years, we are able to gain the retailer's approval and good will, is it necessary to appeal to the public at all with our advertising?

In considering this phase of our experience, we are confronted with this problem. Let us suppose that we have decided to spend another appropriation of $150,000 for advertising during the next three years. Would it be better to spend this entire amount in trade papers? Or would it be advisable for us to confine our advertising largely to the general and class magazines in further at-

(*Continued on page* 58)



FAIRCHILD AERIAL SURVEYS, INC., N. Y.

The Grand Central District, one of the hotel centers of New York City, where available guest rooms have increased far more rapidly than available guests

The Race for the Guest

By E. M. STATLER

"NO ASSET is so unproductive as an unoccupied hotel guest room," wrote E. M. Statler, late president of the Hotel Statler Company. The preparation of this article was one of the last things he completed before his death.

The percentage of occupied guest rooms has fallen steadily during the present hotel-building spree. What is the answer to overproduction and competition? Better selling!

MANUFACTURERS who think there is overproduction in their industries ought to keep a large city hotel. Though the expansion of productive equipment in most fields of manufacturing has now subsided, hotel building is still going on at rapid pace. This in the face of a manifest oversupply of hotel guest rooms, and of business conditions which are resulting in less commercial travel.

There is no exact record of the number of hotels in the United States but a careful estimate by *Hotel Management* sets the total at 8,200, after institutions with less than 50 rooms are eliminated. The total room capacity of these 8,200 hotels is about 1,500,000. Probably 90 per cent are transient rooms, the rest residential.

The striking thing is that from one-third to one-half of these rooms have become available within the last three years. Careful studies show that hotel rooms increased in number 15 per cent in 1925, the same in 1926, the same again in 1927. For 1928 the increase is estimated at 10 per cent, which shows that the expansion is still going on.



To give a true picture of the situation, details are required. The International Transportation Association, Baltimore, compiled for me not long ago some tables showing the volume of hotel building in the United States since 1920. Based on reports from the F. W. Dodge Corporation of "contracts awarded" in thirty-nine states, and on special information for the ten other states, this estimate of the expenditure for new hotel construction in the United States within the last eight years totals $1,431,850,000. It has mounted from $47,000,000 in 1920 to $214,000,000 in 1927. The peak year was 1925, when contracts totaling $305,000,000 were awarded.

Some of the figures for individual states are amazing, although they cannot, of course, be taken too literally because many of the operations contracted for may, for various reasons, have failed to materialize. Virginia, for example, contracted to spend $5,750,000 for additional hotel facilities in 1926 and $4,231,000 in 1927. The total expenditure contracted for the six years preceding 1926 was only $4,700,000. Texas awarded contracts to the total of $22,212,700 in 1926 and $12,876,400 in 1927. The total for these two years practically equaled that for the entire six years previous.

Pennsylvania contracted for $12,908,000 for new hotel construction in 1927. The high point for any years before that was $8,784,000 in 1922. Mississippi, whose largest town is Meridian, with a population of around 25,000, reported contracts for new hotels totaling $8,379,000 in 1926, almost as much as Ohio. Maryland, until 1927 had never spent more than $600,000 for new hotels in any one year, but in 1927 contracts totaling $2,848,000 were awarded, according to the report.

An outstanding state in hotel building is California, which, since 1920, has contracted to spend $210,000,000 for hotel

facilities, $20,000,000 more than the total for New York and $27,000,000 more than the total for Illinois. California expenditures have been on a steadily rising scale since 1920. They started then with $4,500,000, rose to $23,600,000 in 1924, $42,450,000 in 1925, $48,950,000 in 1926 and surpassed all records in 1927 with a total expenditure of $56,500,000.

The Mania for Hotel Building

HOTEL building, as these figures show, is not merely a local infection but a national fever. Small cities are building the same as their larger neighbors. The time has passed when the commercial traveler, in order to reach a modern hotel, has to plan his trips so as to make the large centers frequently. Today he can go from city to city in Ohio, New York, Massachusetts, and Pennsylvania and find modern hotels almost every fifty miles.

No one, least of all the writer, regrets the erection of hotels when there is need for them in the community. Much of the hotel expansion that we have witnessed in the last ten years has been called for by a genuine economic need. In many centers, however, that need has now been more than filled, as a close look at the situation shows; yet hotel building still goes on.

In New York City, for example, 27,000 new hotel guest rooms were opened in 1926-1927. The total capacity of the city before that time is estimated at 50,000 rooms. Within the Times Square District more than 4,000 new guest rooms have opened within the last few months. Within the Pennsylvania Station district large hotels are being planned, or are actually being constructed, that will add to this one district 4,000 guest rooms—almost twice the present capacity of the Pennsylvania Hotel.

The New York Bureau of Business Research, after a complete survey of the mid-town section of New York, reports that the percentage of hotel rooms occupied has fallen steadily since 1925. It finds, for instance, that the average daily registrations for all mid-Manhattan hotels has increased but 1,500 since 1922 but that the average daily registration capacity has increased 4,200.

What this situation has meant to hotels throughout the country is indicated by another table which the International Transportation Association has compiled for me. It contrasts the credit rating of hotels in 1920 with that for 1927, based upon the reports of accredited agencies. All hotels are rated as "good," "fair," or "poor," dependent upon their financial standing and their practices in paying bills.

In 1920, of all hotels in Illinois, 32 per cent were ranked as of "good" credit rating, while only 25 per cent were "poor." By 1927 these figures had reversed themselves, 24 per cent of Illinois hotels being ranked as "good," and 35 per cent as "poor." For Ohio a similar situation is presented. In 1920, 27 per cent of all hotels were ranked as "good"; in 1927 the percentage had dropped to 16 per cent.

In Pennsylvania the percentage has dropped from 24 to 20, in New York from 21 to 17, in Massachusetts from 27 to 18, and in California from 26 to 17. Only Alabama, Arizona, Georgia, Kansas, Maryland, Montana, New Mexico, and North and South Dakota have a higher percentage of hotels with "good" credit rating today than they had in 1920.



MODERN hotels are much on a par so far as major features of building and equipment go. The difference lies in the extra comforts the hotel provides its guests, the thoughtful service it gives



GEORGE H. DAVIS, BOSTON

It should be mentioned in connection with the foregoing figures that the growth in the number of hotels since 1920 has not been in direct proportion to the increase in the number of rooms. Old hotels have participated in the expansion movement by adding to the capacity of existing plants. On the average the new hotels which have been built are larger than those commonly built prior to 1920.

Illinois, for example, is credited with having a total room accommodation—wayside inns and small hotels included—of 140,000 in 1927 as against 24,250 in 1920, but the room capacity of the average Illinois hotel in 1920 was 30 and in 1927 it had mounted to 64. Similarly, the average room accommodation of hotels in Pennsylvania has jumped from 45 in 1920 to 60 in 1927. For Massachusetts the increase has been from 30 to 51; for Ohio from 40 to 55; for New York State from 72 to 81; for California from 35 to 61.

A Lost Day Is Forever Lost

A HOTEL'S chief source of profit is, of course, its guest rooms, and there is perhaps no asset so frozen, or so unproductive as a guest room that is unoccupied. The dawn of every day brings a definite overhead and fixed charge against that room; unless it is sold, the setting of the sun marks the passing forever of the opportunity to recover that "overhead" and realize that day's profit on the room. If a maker of fabricated products does not sell today's output by midnight, he may sell twice a day's output tomorrow, and thus make up for the deficit. The hotel keeper has no such opportunity.

The conditions which have so promoted hotel building during recent years are many and varied. In frequent instances the promoters are men not concerned with the success of the hotel after it is built; they are primarily interested in promoting realty, or in selling services and materials. In the past it has been relatively easy to get money for hotel building purposes.

The envy of one community of the hotels in a neighboring city breeds a civic desire to rival such facilities; very often the men who do the financing and the citizens who do the subscribing for stock know little or nothing of the fundamentals of hotel construction and operation. The condition is aggravated by the fact that the average man thinks a hotel must coin money because he is in no position to learn differently.

The hotel industry in the past has not been sufficiently well organized to advise against the development of new and manifestly unsound projects, nor to induce the operators of old hotels to forestall unnecessary building by making much needed improvements in existing properties.

So far as the hotel-using public is concerned, there never was a time when so wide a choice of modern hotel facilities was offered; so far as hotel proprietors and investors are concerned, however, there probably also never was a time when stable profits were more difficult to real-

(*Continued on page* 60)

What of the Worn-Out Worker?

By EDWARD S. COWDRICK

Author of "Industrial History of the United States" and "Manpower in Industry"

Decoration by H. Devitt Welsh



INDUSTRY is taking an entirely new view of the veteran employe. It is learning that it cannot scrap the aged worker who has had a long period of faithful service as it does the obsolescent machine

THE COST of old age is taking an increasing weight among the financial burdens of American business. The annual pension outlay for the support of superannuated workers has never been computed, but it is estimated in a recent report of an official state commission at somewhat more than $40,000,000.

Railroads alone, as shown by reports to the Interstate Commerce Commission, expended $22,500,000 in pensions in 1926. Cautious employers, observing the steadily rising curve of pension payments, are reaching into their treasuries for money, sometimes several million dollars at a handful, and are setting up funds to insure the future solvency of their retirement plans.

And all this is taking place at a time when business organizations are watching costs with a sharper scrutiny than ever before. Expenses of manufacture are being measured in decimals of a cent, while millions are being distributed to retired employes.

The observer is tempted to ask whether industry has gone into the business of dispensing charity.

New Machines and New Men

THE question is a fair one. The answer is that industrial managers are paying pensions mainly for the same reason that dictates the adoption of new machinery and improved manufacturing methods: to reduce costs, raise efficiency and add to profits.

It is true that this motive is not always recognized even by the employer who pays the bills.

Industrial pensions have been variously defined as deferred wages, as benevolence or charity, as rewards for faithful service, and as several other things, some definitions based on pure fallacy and some representing motives of only minor importance.

Straight thinking on the pension problem, as it applies to American business in 1928, should start from this fundamental fact:

Industry, big and conspicuous industry at any rate, has given up the notion (if it ever had it) that aged workers with long periods of service are to be "scrapped" and left for the support of their relatives or of public charity.

To this should be coupled a second fact equally significant:

In our modern machine industry there is a constantly decreasing number of jobs at which aged men can work to the advantage of their employers, while at the same time the number of laborers who attain old age is constantly increasing.

Then there is this third vital consideration:

American corporations are themselves growing older and the number that have had time to accumulate aged employes of long service is much larger than it was at the beginning of the century.

Here, then, is the essence of the pension situation. In every company which has had more than a few years of continuous operation, some employes have reached advanced age and have acquired service records which give them claim to consideration. Management faces the question of what to do with these old men.

"But it is quite simple," perhaps some reader will say. "Those men have been paid for their work and when their labor no longer is profitable to their employers they should be dismissed. There is no difficulty about that."

But there is. That's just the point. Increasingly as the years pass, employers are accepting an obligation, enforced both by their own conscience and by public opinion, for the maintenance of the workers who have grown old in their service.

When an employer, particularly if he operates a large concern or one which is much in the public eye, tells you that he is discharging his old employes as fast as they become unfit for active service, it is tolerably safe for us to assume either that he does not mean what he says or that he does not know what is going on in his plants.

Old Employes Cared For

SO FAR as concerns large scale industry (and to an increasing degree the same thing applies to the smaller concerns) aged workmen with long terms of service are not being turned out of their jobs to tramp the streets.

But while the veteran workers are being cared for, the number of aged persons, both absolutely and in terms of their proportion to the whole population, is showing a gradual increase.

What then is being done with them by the employers?

Most commonly, perhaps, they are being kept on active pay rolls, sometimes

(*Continued on page* 72)

Tramps of the Tide

Wanderers of the seven seas meet and chat a bit

By BERTON BRALEY

Illustrations by R. L. Lambdin



"My five thousand ton of battered plates an' girders goes pokin' from Zanzibar to Spitzbergen an' points elsewhere an' thereabouts"

THE *Henry Porter of New York*, loading cargo at Pier 96, noted a rather familiar bulk sliding into another berth only a few yards away.

"Hullo, there, Alf, old scout," he remarked, "where did you nose in from?"

" 'Ullo, 'ullo, 'ullo," replied the *Alfred B. Chetwynde* of Liverpool, "if it eyn't 'Ank Porter. Greetings an' all that. Hi'm just in from Ceylon; cargo of tea and whatnot. What's yours?"

"Last trip was from Argentina, packed to the hatches with hides. Boy, I smelled something terrific. Loadin' for Tientsin now with farm machinery. But I'm still reekin'."

"You *do* permeate the hair a bit," said the *Alfred B. Chetwynde*. "But eyn't spoofin' you about it. 'Cos my last load was 'ides, too, and before that I packed a 'oldful of guano. 'Ave a good trip?"

"Not so bad. Stove in a hatch or two off Hatteras, and the boys had a bad night battening down again, but I guess you could say the voyage was uneventful."

"Let's see," said the *Chetwynde*, "where was it we last tied up together? Shanghai?"

Cargoes That Go Bad

"NOPE. That was two years ago. Last time we met up was in Sydney 'Arbor, as you Limeys pronounce it. 'Member how a dock strike kept us there a month? We both stunk considerable *that* time—what with you totin' a cargo of bananas that went bad an' me with four thousand crates of pineapples that wasn't picked green enough.

"When the strike was over they unloaded us onto the garbage scows."

"So they did, so they did," said the *Chetwynde*. "Well, ours is a rough life—but we *do* get abaht a bit."

"Me, I like it," said the *Porter*. "Take a liner, now, twenty, thirty, forty, sixty thousand ton, maybe; twenty-two, twenty-five knots, elevators, swimmin' tank, Ritzy restaurants an' all that—but all one of them babies does is to shuttle back and forth like a ferry-boat between two ports, while *my* five thousand ton of battered plates an' girders goes pokin' from Zanzibar to Spitzbergen an' points elsewhere an' thereabouts."

The life of a tramp for me,
The life of a tramp at sea;
I'm only a tramp all over patches
But gimme a load beneath my hatches
An' I'll deliver it—bank on me,
The tramp of the *rollin'* sea.

Now it may be that the practical business man, reading only thus far, will say to himself: "Shucks. This is nothing but a kind of fairy story. Who ever heard of ships talking to each other?"

Well it *is* a kind of fairy story. But when you dictate a letter to a wax cylinder which re-dictates it to your stenographer, *that's* a kind of fairy story, too. And when you talk into a rubber arrangement at your elbow and somebody three thousand miles across the ocean hears

you plainly, that's kind of fairy story also. In fact the more practical and up-to-date you are as a business man, the more fairy-tale inventions and conveniences you use. So the fact that this is somewhat of a fairy tale needn't stop you from believing it.

As the *Chetwynde's* lines were made fast and his steam winches began yanking out cargo, he said, "'Oo's your friend?" referring to an eight-thousand-ton Shipping Board boat moored forward of the *Porter*. The big boat was riding high and light, and there was no sign of activity about him.

"*Apache*, ahoy!" said the *Porter*. "Where from and where to? My Limey friend wants to know."

"From one roll of red tape to another, as far as I can see," grumbled the *Apache*. "They've tied me up to the quay here with red tape for a month."

"What's the matter?" asked the *Porter*.

"Oh, I've got a cracked crankshaft."

"But it doesn't take a month to put in a new crankshaft," said the *Porter*.

"It does when it has to be requisitioned in sextuplicate, and filed in octuplicate, and bought in ten-plicate, and shipped in fifteenplicate, and checked in twentyplicate and put in, if ever, by repair men registered in thirty-twoplicate."

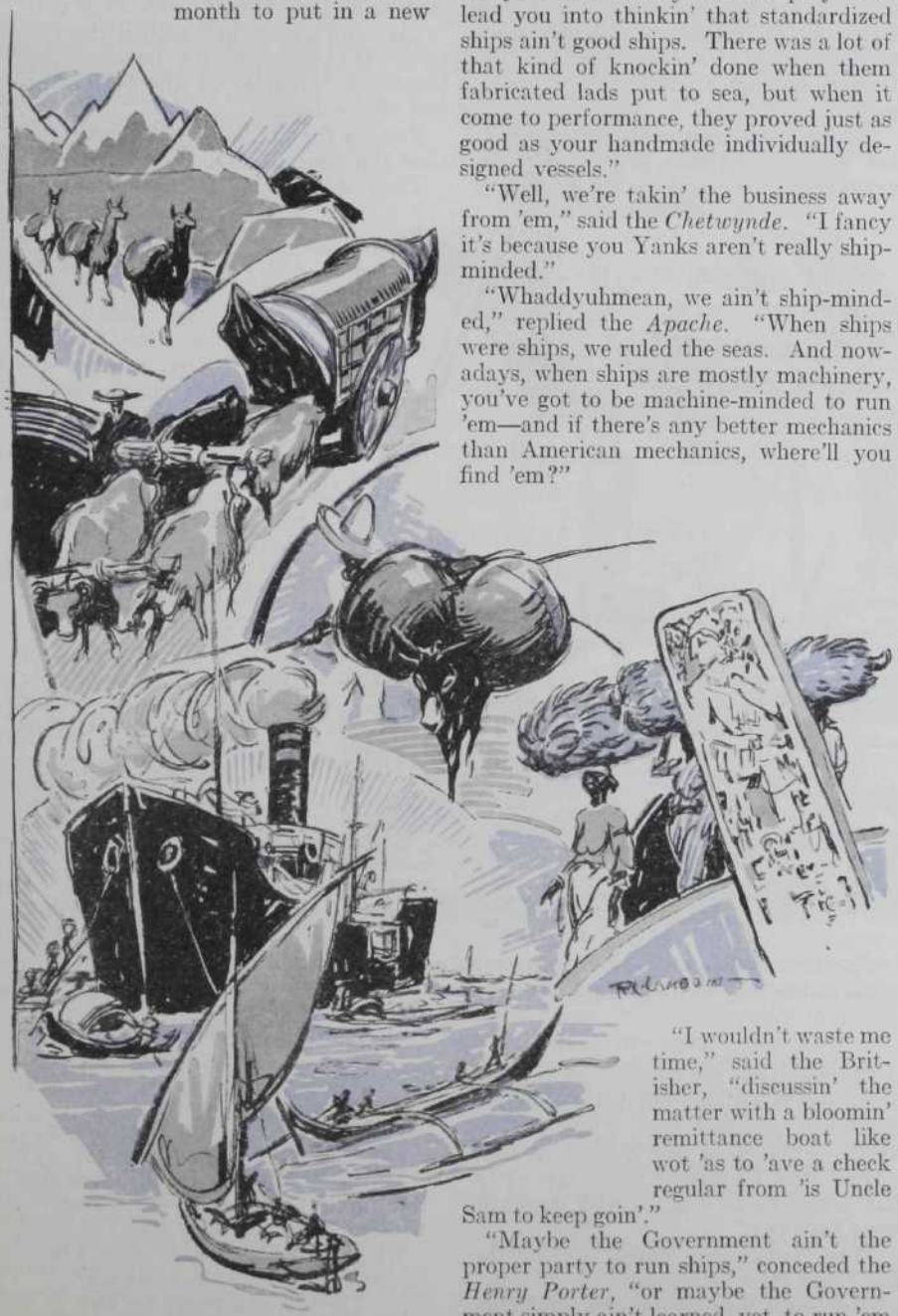


"Bloody bureaucrat, 'e is," said the *Chetwynde*. "Wot can you expect, anyhow, of a ship wot's slapped together like a bloomin' portable 'ouse?"

"Easy on that stuff, Limey," rumbled the *Porter*. "Don't let your reactionary British prejudices lead you into thinkin' that standardized ships ain't good ships. There was a lot of that kind of knockin' done when them fabricated lads put to sea, but when it come to performance, they proved just as good as your handmade individually designed vessels."

"Well, we're takin' the business away from 'em," said the *Chetwynde*. "I fancy it's because you Yanks aren't really ship-minded."

"Whaddyuhmean, we ain't ship-minded," replied the *Apache*. "When ships were ships, we ruled the seas. And nowadays, when ships are mostly machinery, you've got to be machine-minded to run 'em—and if there's any better mechanics than American mechanics, where'll you find 'em?"



"I wouldn't waste me time," said the Britisher, "discussin' the matter with a bloomin' remittance boat like wot 'as to 'ave a check regular from 'is Uncle Sam to keep goin'."

"Maybe the Government ain't the proper party to run ships," conceded the *Henry Porter*, "or maybe the Government simply ain't learned, yet, to run 'em properly. I dunno—I ain't no political economist, so I wouldn't argue neither pro nor con. But I would observe that it ill behooves a Limey ship to talk about 'remittance boats,' when your own government comes across right along with a lot of mail subsidies an' bonuses an' special loans to boost British ships."

"Besides which," rumbled the *Apache*, "a lot of *my* remittance goes into good pay and quarters for my crew—pay and quarters that you Limeys hardly even dream of."

A deep, hoarse bass whistle sounded down the river.

"That'll be the *Leviathan*," said the *Porter*. "Some tub, Alf, some tub."

Naturalized Ships

"THE *Majestic* is bigger," responded the *Chetwynde*, "and she's a Britisher."

"Ach," grunted a snub-nosed, chubby three-thousand tonner that lay just aft of the *Chetwynde*, and sported the name *Die Lorelei* on his stern, "you should talk, you Englishers and Americaners. Both off dem ships wass Deutsche, already. *Vaterland* und *Bismarck*."

"You said it, Fritzie," admitted the *Henry Porter*, "once they were Dutchers. But mebbe you didn't know that the *Vaterland* only made a trip and a half as a Dutchie—and that while you Fritzies only got twenty knots out of her, we fixed her over during the war and got twenty-two and twenty-three right along. With less coal, too. And we didn't do a bad job when we fixed her up again as a liner, either. And yet Alf tries to say we ain't ship-minded."

"And while you're waving the flag," said the *Chetwynde* to the *Porter*, "you might note that her bally engines were Parsons turbines from Albion's 'Appy Hisle? As for speed—how about the little old *Mauretania?*"

Far, far overhead sounded a deep roaring purr, and three or four thousand feet aloft there swam along the blue a great, silvery, glittering fish, seeming to move slowly, but really doing its easy and steady sixty miles an hour.

A nearer, louder buzz of engines and whirling propellers filled the air, and a moment later a big seaplane swooped down and hit the water with the light splash of a pelican diving for red snappers.

"Talk about your *Majestics* and your *Leviathans* and your super-ships and motor-liners and all the rest," said the *Apache*, "I'm telling you that dirigible up there and that seaplane that just settled down on the river are the future liners. Two days to London or Paris, five to India. What price *Leviathans* or *Maure-*

tanias then?" "Fifteen to thirty million bucks apiece," said the *Porter*. "There'll always be *beaucoup* folks—as we used to say when I was carrying munitions to France—*beaucoup hommes* and *femmes* that will want to take their sea voyages on the water instead of over it. Buildin' ocean liners will be a pretty good business for a few years yet—say the next century or so. After that it'll probably be still better."

In the everlasting procession that goes up and down the harbor and the river, a long slim white yacht slipped along, headed for the sea.

"*Sehr schon*," exclaimed *Die Lorelei*.

"Ripping lass, that," said the *Chetwynde*.

"Class to her, all right," remarked the *Apache*.

"Some flapper," commented the *Porter*.

A French liner dipped the passing yacht a bow, and commented, "*Tres elegante, hein?*" and a couple of impudent tugs whistled at her, "Bye, bye, baby—write us often."

"That's the life," said the *Apache*. "Goes where she pleases and as she pleases, travels in the smartest society, and never mind the expense. No waiting around for cargo, no swearing dock wallopers tramping around over her decks—just traveling *de luxe* over the seven seas.

"Listen, boy," said the *Porter*. "Lemme tell you something. You, nor no other freighter, needs to lower his colors for no liner, nor no dirigible nor no yacht nor no seaplane. Because why—because *we're* the babies that keeps *them* goin'. See!

Useful Old Tramp

"AN' we dont need to be so doggone humble even when one of them big heavyweight champs comes plowin' along." He referred to a great gray battleship that followed the yacht. "Course, when there's trouble on the high seas them and their destroyers an' cruisers looks after us—but it's us that gives 'em a job.

"Pack this down in your hold an' keep it there—the liners may pass out, an' mebbe the heavyweight bruisers of battleships will be junked sometime,—but you an' me an' Alf an' Dutchie, or somethin' like us, will be pluggin' across the seas as long as they's any water to float on.

"People may hop acrost the seas in planes an' blimps, but the business that makes 'em hop is the freight you an' me packs under our hatches. An' while men wants clothes an' food an' tobacco an' machines that makes 'em—us freighters will carry 'em. Mebbe they'll build the boys that comes after us as big as fifty or sixty thousand tons—but they'll be freighters just the same.

"An' us three an' four an' eight thousand tonners ain't gonna wholly pass out, neither. Because a sixty thousand tonner can't tie up in a harbor that's twenty feet at high tide, an' there's gonna always be a lotta harbors that won't dredge no deeper than that. Call us freighters or tramps, or what you like, us cargo boats is the babies that owns the seas."

"Hear! Hear!" said the *Chetwynde*.

"Furthermore an' in addition," continued the *Porter*, "an' you can put this in your stack an' smoke it, Alfie, old dear—us land-lubbery Yanks that ain't ship-minded, accordin' to you, are gonna be plowin' them there seas Brittania claims to rule an' plowin' plenty.

"You're gonna meet up with us in Singapore an' Shanghai an' Sydney an' Liverpool; you're gonna see us edgin' over the thirteen foot bar at Bangkok, or steamin' up the Amazon. We're carryin' only 25 per cent of our own trade now—but we'll be tuckin' most of it under our hatches after we really get to goin'.

"Mebbe our government will learn to run ships as ships an' not as a correspondence school—mebbe it won't. If the Government can't do it—an' it looks like it can't—us land-minded Yanks will figger out another way. Our clippers used to go booming past everything that carried sails a hundred years ago—we'll find a way to do it again with steam or what have you."

"You Yanks are always wavin' the flag," said the *Chetwynde*.

"An' she'll wave something grand on every wave when we get set," said the *Porter*. Wherever that flag waves on a ship, old fruit, it'll wave over a crew that's Yank, paid Yank wages, livin' in first-class Yank quarters an' eatin' real honest to gosh Yank food."

"Just going to bally well run John Bull off the seas, eh?" rumbled the *Chetwynde*.

Plenty of Trade to Get

"THIS ain't a matter of fightin' over what trade there is—it's a matter of sharin' the trade that's gonna be. There's room on the seas for us all, there'll be business for us all. What I'm sayin' is that Uncle Sam is gonna have his ships present where there's business to get, an'—ship-minded or not—them ships ain't gonna ride light."

"Right ho, 'Ank," said the *Chetwynde*, "but I fancy you won't tie up to many docks nor anchor in many 'arbors where you won't find some old Limey's winches rattling and creaking its cargo in or out."

"An' don't want to," replied the *Porter*. "It's scrappin' for business that keeps the barnacles off the bottom an' rust off the decks."

Two big tugs, puffing black smoke from their funnels came into the wharf.

There was a clang in the *Porter's* engine room and his single screw sent the water boiling and bubbling beneath his stern.

The tugs pulled and pushed, his own engines aided. Deeply, hoarsely the *Porter's* whistle told the harbor that another tramp was on its way.

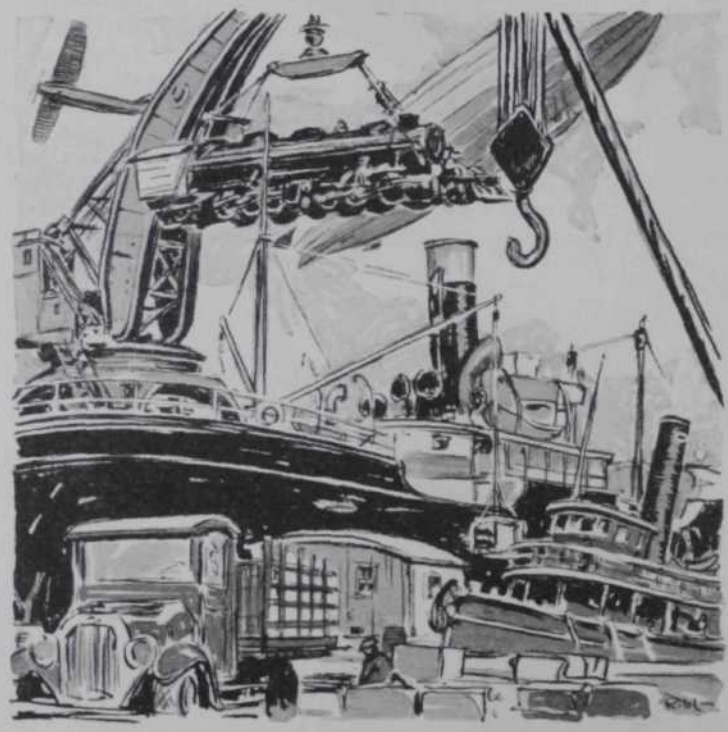
"Toodle ooo," vibrated from the *Chetwynde*, "see you in Tientsin or Callao. Keep up your steam and keep down your hatches."

"*Auf weidersehn*," grunted *De Lorelei*.

"So long," said the *Apache*, "you'll probably find me right here waiting for that crankshaft when you come back."

The *Henry Porter* whistled good-bye, and then as its engines quickened their pace to his full speed—which was only thirteen knots, but he could keep it up for months—he went down river and toward the open sea chanting as he went,

The life of a tramp for me,
The life of a tramp at sea;
I plug along in my ploddin' way,
My hawse pipes full of the ocean spray,
The liners pass, the yachts go by,
The battleships fade in the distant sky,
But I'm the bozo that pays their keep,
Wallowin' over the vasty deep
Wherever the business is—there I be,
At every port an' on every sea
The Life of a tramp for me!



"While men wants clothes an' food an' tobacco an' machines that makes 'em—us freighters will carry 'em"

Back of the Chain Store

By EARL C. SAMS

President, J. C. Penney Company, Inc.



CHAIN stores grow like those microscopic animals which split in two, each part living and later dividing to make new units.

There must be a healthy, active life going on before new life is possible. So with the chain store.

You read in the daily papers that a new chain of a thousand stores is about to be launched, or that fifteen hundred or two thousand new units will be added to the present organization of this or that company.

Maybe. It takes more than a grand gesture to establish a thousand stores and set them up for permanent operation. Conservative chain store men are waiting to see the new stores in operation before passing judgment or giving too much credence to the news. They have the "show me" attitude. The very magnificence of such a proposal makes it a good newspaper story, but until the stores are opened and doing a good volume most of the successful chain operators prefer to reserve comment.

There is no infallible formula for the success of even a single unit, let alone a thousand or more. It is possible to get a report on a proposed location which goes into great detail as to the possibilities of the site, even to the average ages of the passersby and whether or not they carry bundles. The survey may indicate that there is not only a chance of a chain store, but even a crying need. Still the chain may fail to live up to expectations when it moves in.

The opposite is also true. A location which looks only fair from a preliminary survey may do a whale of a business from the very start. An endless number of causes may contribute to the success or failure of a store, but we feel that usually the answer will be found in men, not figures.

Systematic Selling

"YOU try to get chain store selling down to just about an automatic basis, don't you?" a man asked me the other day.

"Not automatic, but systematic, rather," I told him. There is a great difference between the two. Selling is and will be a human transaction between buyer and seller. We get all the facts we can to operate on, but it takes men to find the facts and men to apply them.

"VETERAN chain-store executives doubt that many more great chains will be created in the near future, except for possible combinations of existing organizations. Retailing in the near future will be done largely by chain stores and by independents grouped together for buying."

The other day a banker told me that his son was soon to be married, but wanted to give up his job at the bank and get into some kind of selling before marrying. He was a well-educated boy of the type that seems predestined for success. He had no selling experience. I offered to take him with our company, and put him through the regular course of training which we give to each new employe, grounding him thoroughly in stockkeeping, selling, display, advertising and so on, until he is ready to take over a store as manager.

The young man is coming with us, and I believe that after we have trained him, he will stay and develop into a successful manager. If he does not, at least he will have a fine merchandising training to go with his college course, thus adding practice to theory.

The two will go well together.

Suppose that boy should pick up a job at random, in order to get his selling experience, with an independent merchant, whether in shoes, groceries, sporting goods, drugs or whatever? He would get experience, to be sure, but of a much more limited range. The boss would not be in a hurry to push him ahead, financially at least. He would not hurry the young man along with any hope that soon he might take his place as manager. That's the owner's job, and in most cases, he means to keep it himself.

Training Managers

WITH the chain—our chain, for instance—the opposite is true. The manager knows that the cub is after his job and helps him along as well as he can to get it, or one just like it. It is in the manager's interest to do so, for he is judged by the managers he trains. Our employes never forget that the organization is built upon, around, and for men. Instead of any force at the top holding men down, the whole weight of the organization is behind them, pushing them up. Needless to say, incomes grow with the man. A manager has three incomes instead of one, counting his salary, his commissions as manager and his dividends on stock owned.

The employes themselves are thus the ones most interested in the growth of the company. They know that they will grow with it. Growth with us has been rapid in the last few years though carefully planned.

I have often been asked what it was that made our chain, the J. C. Penney Company, a success.

There are no fundamental differences between a chain store and a single, independent store. The differences that exist are simply in size, numbers, direction of development, and volume of business. Both start from the same circumstance. Trace the origins of the large chains, and you come almost invariably to an apparently insignificant retail enterprise, unusual only in the faith and dreams of the founder.

Chains began to develop before 1890. Contrary to the belief of many, chains antedate the department store as we know it today. It must be remembered that the store, whether single or whether the first unit of a potential chain store, has no buying power or other special advantage over any other single-store unit.

When J. C. Penney, in 1902, opened the

(*Continued on page* 86)

The Map of the Nation's Business

By FRANK GREENE

Managing Editor, Bradstreet's

APRIL weather conditions, traditionally irregular, this year are responsible for a good part of the confusing showing in trade commodities and in many branches of industry. Cold and rain—in the northwest, snow—prevented much improvement in the badly injured midwestern winter wheat area; took toll of a promising small fruit crop prospect; caused a marked set back to early planted cotton and retarded planting in the more northerly areas east and west; and last but not least, delayed the distribution of goods at retail.

On the other hand recognition of the possibilities of damage to the crops, pushed prices of many farm products to the highest levels reached in several years. Because of the uncertainties injected into the crop outlook and because also of irregularity in comparisons due to calendar differences many measures of movement have lacked convincing form.

On the favorable side of the account, of course, it must be recalled that a year ago saw the great Mississippi Valley flood whereas this year, there is relative freedom from this injury.

There is still time for good weather plus a fairly good soil condition to bring about a change for the better.

BUSINESS INDICATORS

Latest month of 1928 and the same month of 1927 and 1926 compared with the same month of 1925

	Latest Month Available	Same Month 1925—100 1928	1927	1926
Production and Mill Consumption				
Pig Iron	April	98	105	106
Steel Ingots	April	120	115	115
Copper—Mine (U. S.)	March	94	93	101
Zinc—Primary	March	109	110	106
Coal—Bituminous	April*	95	103	120
Petroleum	April*	116	117	97
Electrical Energy	March	134	125	115
Cotton Consumption	March	100	119	109
Automobiles	April*	92	93	102
Rubber Tires	Feb.	130	104	99
Cement—Portland	March	93	104	94
Construction				
Contracts Awarded (36 States) Dollar Values	April	114	107	101
Contracts Awarded (36 States) Square Feet	April	110	97	101
Labor				
Factor Employment (U. S.)—F. R. B.	March	93	97	101
Factory Pay Roll (U. S.)—F. R. B.	March	95	100	103
Wages—Per Capita (N. Y.)	March	104	105	102
Transportation				
Freight Car Loadings	April*	96	104	102
Gross Operating Revenues	March*	104	109	109
Net Operating Income	March*	124	129	129
Trade—Domestic				
Bank Debits—New York City	April*	182	134	122
Bank Debits—Outside	April*	127	115	109
Business Failures—Number	April	94	101	101
Business Failures—Liabilities	April	94	143	103
Department Store Sales—F. R. B.	March	108	105	107
Five and Ten Cent Store Sales—4 Chains	March	136	120	112
Mail Order House Sales—2 Houses	April	111	112	107
Wholesale Trade—F. R. B.	March	92	94	98
Trade—Foreign				
Exports	March	93	90	83
Imports	March	99	98	115
Finance				
Stock Prices—20 Industrials	April	177	137	117
Stock Prices—20 Railroads	April	149	138	112
Number of Shares Traded in	April	323	200	124
Bond Prices—20 Bonds	April	108	106	103
Value of Bonds Sold	April	113	114	107
New Corporate Capital Issues (Domestic)	April	230	128	123
Interest Rates—Commercial Paper, 4-6 Months	April	113	104	107
Wholesale Prices				
U. S. Bureau of Labor Statistics	March	92	90	96
Bradstreet's	April	100	93	97
Dun's	April	103	95	98

Retail Purchasing Power, July, 1914—100.	July, 1914—100 Mar. 1928	Mar. 1927	Mar. 1926
Purchasing Power of the Retail Dollar	62	61	59
Purchasing Power of the Clothing Dollar	58	58	57
Purchasing Power of the Food Dollar	66	65	63
Purchasing Power of the Rent Dollar	61	58	57

(*) Preliminary.
Prepared for *Nation's Business* by the Statistical Dept., Western Electric Co., Inc.

Production — Distribution —Car Loadings

The diversity of showings for April and for the four months of the year, seems to have made the words, "spotted" and "irregular" utterly inadequate to express the situation. On the one hand the automobile industry has made marked progress; the steel trade has set up new high records of daily production; the production and consumption of gasoline broke records; the commodity price movement showed a further slight accession of strength over the month; and chain store distribution was a record for the month.

Against this is to be cited that pig iron production was the lowest for April since 1922; department store and mail order sales, affected partly by one fewer business day in the month, declined from April a year ago; soft coal production fell below the like month a year ago when the strike had begun; building permits fell off sharply both in New York and in the country outside and for four months aggregated the smallest total since 1923; cotton curtailment was still a feature; and car loadings continued to register declines from one and two years ago.

Stocks—Money—Failures—Crops

In finance the activity in the stock market was a source of wonder in view of the higher rates for call and time money and the marking up of rediscount rates by several regional banks of the Federal Reserve. Daily sales of 4,000,000 shares or more were frequently reported on the New York Stock Exchange. Bank clearings and bank debits reflected this in immense percentages of gain.

More failures were reported than in April a year ago except in the South and Northwest, where business troubles seem to have receded but liabilities were smaller.

The prompt response of the markets to the reports of real or assumed crop damage has already been mentioned, the strength of March in this respect being greatly exceeded in April. Crop experts estimated that the winter wheat yield would be cut 80,000,000 bushels from a year ago and mainly in the Ohio valley states, and there was an advance of 25 per cent for April with the cash article about 50 per cent above a year ago. Corn advanced 12 per cent in April and oats 7 per cent; hogs rose 25 per cent; and cotton advanced nearly two and a half cents in April to a point 44 per cent above a year ago.

Cotton goods stiffened in sympathy but the advances here were nothing like the gain in the raw materials. All of these price advances had a speculative flavor, being largely a matter of the discussion of weather conditions.

Department Stores—Chain Stores—Mail Orders

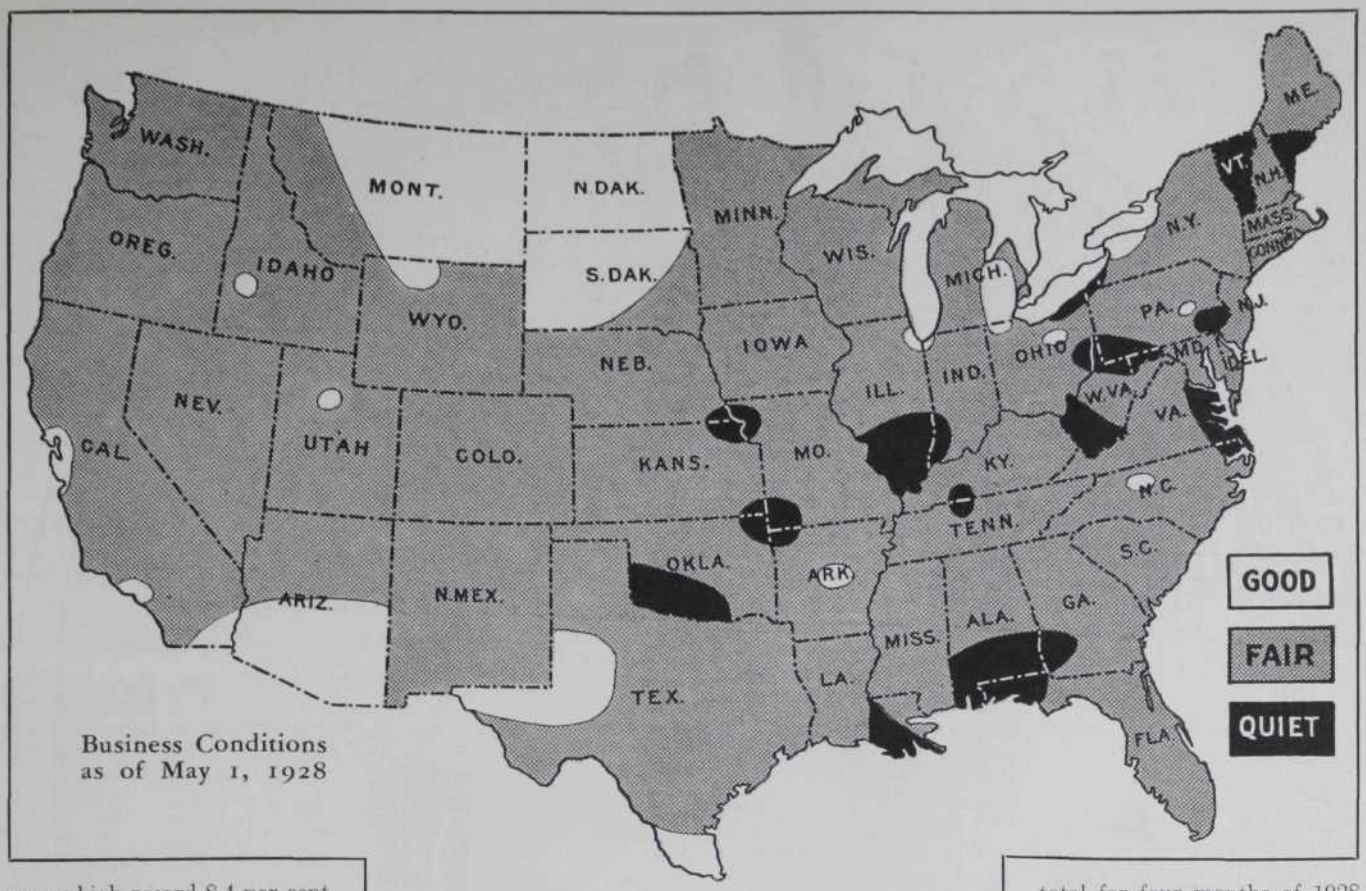
Some of the results of April trade call for mention. Department store sales in April—505 stores reporting to the Federal Reserve System—showed a decrease of 8 per cent from a year ago, as compared to a gain of 3 per cent in March and of 1.5 per cent for the first quarter. Mail order sales in April fell off 1.3 per cent from a year ago but showed a gain of 3.6 per cent for the first four months.

Chain store sales on the other hand gained 8 per cent over April a year ago and rose 16.5 per cent for the four months. An extra Sunday in April reduced the number of working days this year from last by one day; and some of the Easter buying in March, because Easter was twelve days earlier this year than last, was naturally at the expense of April records.

Mail order sales were one-tenth of one per cent above those for March and April of last year; chain store sales were 16.5 per cent larger and the two combined were 10.8 per cent greater than in 1927.

Steel—Pig Iron—Coal

The curious divergence in steel and pig iron production has already been noted, the daily output of steel reaching



Business Conditions as of May 1, 1928

a new high record 8.4 per cent above that of April a year ago, whereas that of pig iron slumped 7 per cent from the record of a year ago.

Soft coal output fell 7 per cent behind April, 1927, a period of idleness for union miners, and was 21 per cent behind the average for the four months' period. Industrial coal consumption for the first quarter is said to have been 7.2 per cent larger than in the last quarter of 1927 but 7 per cent below that of the first quarter of that year.

With soft coal production going forward at as near normal as it now seems possible, the effect of coal loadings on all car loadings has dwindled. Car loadings for four weeks of April however were 3.6 per cent below April, 1927, and the decline for the year to date is 5.3 per cent. Gross receipts of railways in March fell 5 per cent below a year ago while car loadings dropped 4.5 per cent.

Building—Silks—Automobiles—Gasoline

The April record of building permit values shows a decrease of 13.8 per cent from a year ago, the April results changing a small gain, 1.5 per cent for the first quarter over a year ago, to a decrease of 2.2 per cent for four months. The total for four months of 1928 is 10 per cent below the totals for the like periods of 1926 and 1925.

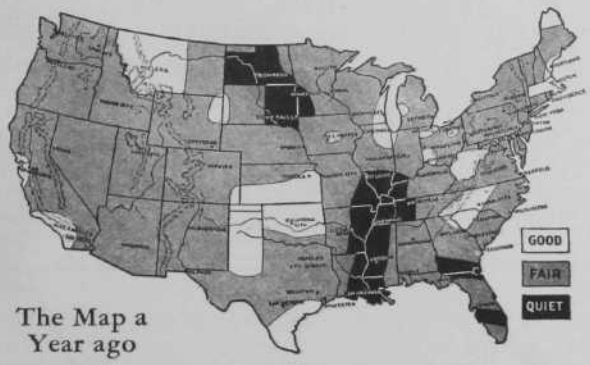
Approximate deliveries of raw silk to American mills in April fell 27 per cent below the peak total of March and 21 per cent below April, 1927. The four months' deliveries are 6.4 per cent ahead of the like months of 1927.

Some March and first quarter returns in industries slower to report may be of interest. Automobile output in March gained 4.6 per cent and for the three months was 3.1 per cent above that of a year ago though below the record for 1926 and other earlier years.

Gasoline consumption in March gained 7 per cent and for the quarter increased 12.8 per cent over that of last year.



The Map of Last Month



The Map a Year ago

FIRST-QUARTER net earnings of leading companies are, like conditions as a whole, spotty. The Cleveland Federal Reserve Bank's May 1 report of 131 companies shows a good gain provided almost entirely by the automobile industry. Steel companies show recessions from 1926-1927. There is little disposition to regard the election as a trade and industrial feature.

Shoes—Cotton

Shoe production in March and the first quarter showed gains of 1.5 per cent and 4.2 per cent respectively. Cotton consumption fell 16 per cent for March and 8 per cent for the quarter from a year ago. Wholesale trade in nine commodities, as reported by the Federal Reserve System, showed a decrease of 3.2 per cent for March but only six-tenths of one per cent for the quarter from like periods of last year.



I. Unrecorded Moments in the History of Business

THIS is the first of a series of mural paintings for the projected Academy of American Business. It represents Mr. Hieronymus J. Whaflit, "king of salesmen and salesman to kings," at the triumphant moment of "overcoming sales resistance," a phrase made famous by Mr. Whaflit. Mr. Whaflit has just sold seven volumes on "How to Achieve a Winning Personality" to a gentleman who only the day before had been sued for breach of promise.

Mr. Whaflit wired to the home office: SALES RESISTANCE CAN BE OVERCOME BY PERSONALITY, PEP AND PERSEVERANCE. This is the first use of the phrase.



EWING GALLOWAY, N. Y.

Business that Blooms in the Sun

By RAYMOND WILLOUGHLY



UNDERWOOD AND UNDERWOOD

SEVENTY chefs, cooks, waiters, and kitchen helpers prepare and serve the 4,800 meals required daily when the big circus is on the road.

One breakfast often means 10,000 pancakes. The food and provisions are all purchased from local markets

THE typewriters that plunk so busily in the spring are not all grinding out poetry. A good many business men get down to cases, and figure on plans for the summer. They know they must make the most of their chances to push up sales of seasonal goods and merchandise as the mercury ascends. For some kinds of business bloom in the spring. Hope for a good summer rises eternal like the sap in the maples, and the urge to make hay while the sun shines accelerates a large part of the population which is in no sense rural.

Activity in these campaigns begins about the time the first robin checks in from the South. The circus finds its road legs after its sojourn in winter quarters. Baseball magnates prepare to bank the fires in the "hot stove league." Fair and carnival men try to contrive a brighter "flash" and a smarter ballyhoo. Resort managers begin to wonder whether two cars can be parked where one was parked before. Sporting goods dealers know that it won't be long until the links blossom with the husbands of golf widows, and the tennis courts resound with the game's quaint lingo. And all hands order a new supply of patience to bear with that old fishing line about the big one that got away.

The annual quest of holiday and vacation diversions by millions of Americans helps to appraise the magnitude of the national leisure and the release from routine. In its commercial aspect this search for recreation points to the rather revolutionary conclusion that pleasure is a business. Whether the sporting instinct calls for steam yachts and private race courses, or is content to limit its out-of-doors expression to sowing grass seed and watering the lawn, it is somebody else's job to see that it is properly gratified.

Baseball's visible hold on the public needs no fanatical advocacy to give it convincing importance. Newspapers, scoreboards, and radio announcers daily remind interested millions that it is the great American game. It is a wholesome fact that the devotion which comes to an emotional focus in the world's series does not lack for solid local nourishment. The smallest town may produce the heroic mould of a Wagner, a Lajoie, a Mathewson, a Johnson, or a Cobb. Promotion from the sand lots to the majors is not rare. That assurance keeps big league scouts busily scouring the "bush" and a world of youngsters hustling for a chance to show their stuff in the majors.

In addition to the sixteen clubs in the National and American leagues, with rosters last year including 533 players, the National Association of Professional Baseball Leagues, "the big minors," had more than 6,000 players under contract. Outside the ranks of professional baseball, 131 college teams played regular schedules last year. For the industrial leagues and "semi pro" loops no figures are available. Certain it is that they can represent factories and neighborhoods with as much spirit as the big leagues put up for a price.

Every fan who has ever clicked a turnstile knows that baseball is a business. The four games of the last world's series drew 201,105 persons, and the receipts

were $783,217, of which the players got $399,440. The third game, at New York, attracted the biggest crowd—60,695 "fans" paid $209,665 to see the Yanks scuttle the Pirates, 8 to 1. Where does all the money go? Well, there is the little matter of plant, such as the Comiskey Park in Chicago with an investment of $1,650,000. The outgo for promising players is no small item—to-wit: the $123,000 paid by the White Sox for Chalmer Cissell of the Portland, Oregon, club. And it is an open secret that many of the star performers are paid prima donna salaries—Ruth, Hornsby, the Waners, Speaker, Frisch, Roush, and Collins do not live by praise alone. Trainers, training camps, uniforms, and ground care are among the expenses that show why major and even minor league clubs have business managers.

The Lure of the Circus

SOPHISTICATED and modern as the world may advertise itself, it still acknowledges the traditional lure of the circus. The answer is, of course, that the circus has renewed its ancient bag of tricks as occasion offered. It has greeted time and change with resourceful welcome. Paradoxical as it may seem, the abandonment of parades has been an effective way of keeping up with the procession, for this present policy takes timely notice of the national traffic problem.

It is childhood's pleasant fancy that the circus just comes when the weather gets warm. But all of the twenty circus flowers that were to bloom so brightly this spring were carefully nurtured during the winter months. Plan and system are guiding watchwords of successful showmen, as the effective methods of the Ringlings suggest.

A typical tour of "the greatest show on earth" began at New York on May 1 and ended November 1 in Atlanta, with 132 cities included. On its annual pilgrimage through the sunshine belt, this show travels from 16,000 to 20,000 miles. Not more than twenty cities provide exceptions to the rule of one-day stands. The average run from stand to stand is about 100 miles.

The choice of route is no hit or miss decision. Early in the year advance agents are sent out over a tentative route for the summer campaign. They visit every town on the proposed schedule. From personal investigation they report on railway facilities and connections, available grounds, cost of license, billboards, industrial and political conditions, sanitation, on every condition that might affect the success of the performances.

If these reports indicate the advisability of change, the route is modified either to leave out some towns, to add others, or to visit some towns later than originally intended. When the route is finally determined, agents are again sent over it to make necessary contracts, but until the show is well on its way for the season, knowledge of the places selected for exhibition is confined to the confidential agents. Playing day and date with some other outfit is no great help to getting "off the nut," as the circus saying is.

During the winter months the business office throws out its lines for new acts and new animals. It is in constant communication with its agents in foreign lands. Wardrobe and "property" cost about $350,000 a season. Seventy-five skilled embroiderers and sewers work up the costume designs for pageant and ring displays. Painters, harness makers, and other artisans see that all menagerie and arena equipment are spic and span before the show takes the road. New animals are trained, and old ones are put through new paces. Draft horses must be broken into the business. What "towner" can know the thrill of handling the 90 pounds of reins in a 40-horse hitch!

Preceding the Ringling show are three advertising cars, with their complete crews of advance men and billposters. A season's bill for lithographs has amounted to $350,000. Reams of copy are ground out by the publicity staff to help city editors make local holidays.

Once on the road, every activity centers on the arena. Everything must move with scheduled precision. Rain or shine, the show must go on. Its 1,600 people, its diversified stock, and its multiform "properties" are transported on 100 "double-length" cars, equivalent to 180 ordinary cars. The work of erecting and striking the tents is done with expert promptness. Forty-two miles of rope and 2,200 stakes support the twenty acres of billowing canvas that shelters the Ringling show. Stake-driving machines, cranes, and tractors have banished much of the drudgery of getting the show on and off the lot.

Makes a Long Food Bill

ALTHOUGH the circus carries its own labor and recruits none locally, it is a paying guest with a long purse. All foods and provisions are bought in local markets. Among the items regularly on the daily shopping bill are: 300 pounds of butter, 300 gallons of milk, 200 pounds of coffee, 35 bags of table salt, 2,500 pounds of fresh meat, 2,000 loaves of bread, 2,500 dozen eggs, 1,500 pounds of vegetables, 2 barrels of sugar, 50 pounds of lard, 100 dozen oranges, 50 tons of hay, and 20 tons of straw. A corps of seventy chefs, cooks, waiters, and kitchen helpers is necessary to prepare and serve the 4,800 meals required daily. It is not unusual for 10,000 pancakes to be cooked and eaten at one breakfast.

The investment in the Ringling show is about $10,000,000, including the winter quarters at Sarasota, Florida. Expenses on tour approximate $15,000 a day. The main exhibition tent seats about 15,000. That capacity gives some idea of the daily income from the two performances.

The modern American circus has profitably capitalized humanity's enduring love of make-believe. It acknowledges the eternal child with a grandiose gesture of ingenious illusion. But observation of the successful enterprise reveals that these mimic worlds of tinsel and tanbark have a substantial business background. The good showman is first of all a good business man.

"Fairs and expositions," said President McKinley, "are timepieces marking the progress of nations." And certainly the state and county fairs have provided an enlightening summer focus of information on agriculture and the mechanical arts. The formula for fairs still includes many of the old-time ingredients—balloon ascensions, fireworks, free acts, racing, and a midway. But just as obvious at the 1,040 fairs scheduled for this season a new sort of showmanship is developing.

Much of the change is traceable to the improved methods of fair management and to a higher level of education in rural

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EWING GALLOWAY, N. Y.

FAIRS are on the way to "big-time" rating when one state can report for one season, as Ohio did, that 2,000,000 attended its fairs and that the gate receipts were $525,000.

The fair offers information and diversion in compelling variety

The Machine that Creates Desire

By ROY DURSTINE

Secretary-Treasurer, Barton, Durstine & Osborn, Inc., N. Y.

Illustrations by Sydney E. Fletcher

ANY ONE who makes his living in the advertising business has had the experience of having his friends say many times: "Advertising?" That must be a very interesting game. I've often thought I might go into it some time myself. In fact, I'm a great student of advertising. I often look over the ads in the back of the magazines. My brother-in-law was in it for a while out in Chicago. He was with a printer or something—wonder if you know him—McSweeney's his name. Well, maybe he wasn't in the same end of it as you are. . . . Just what do you do?"

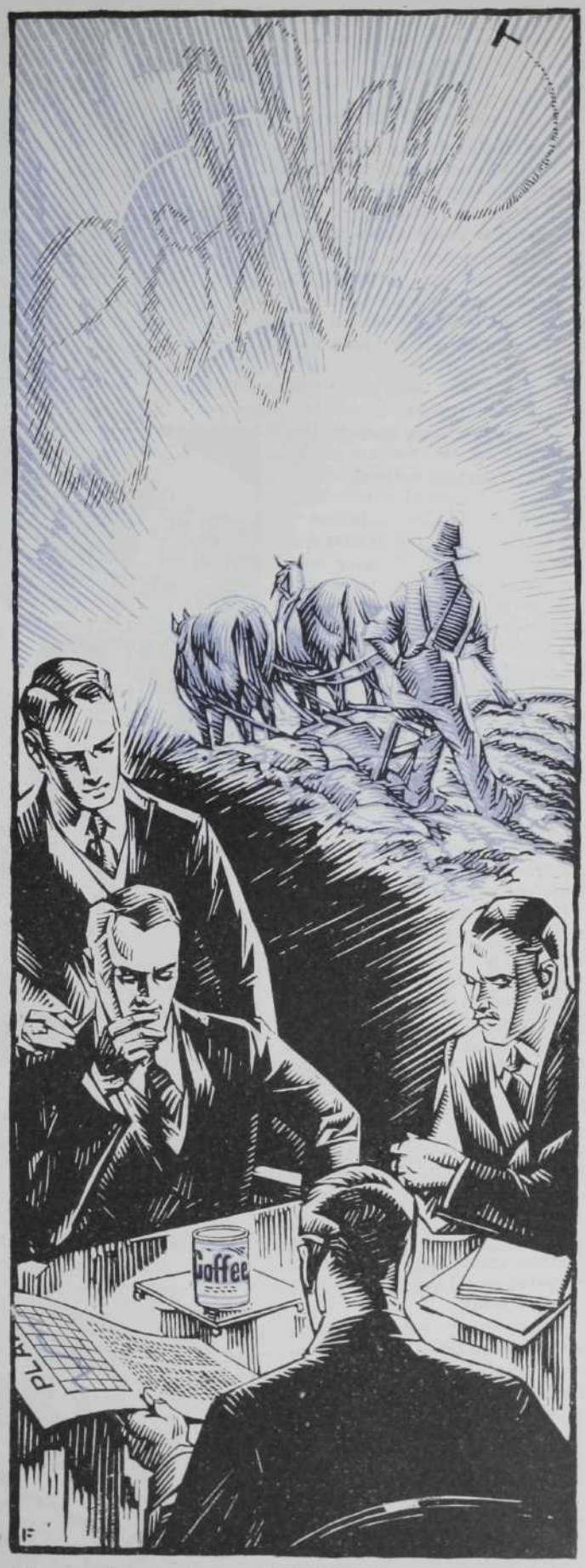
Advertising men do many different things. The easiest way to classify them is to put them into three groups. First, there are those who devote their time to selling the advertising pages of publishers. Second, there are those constantly employed by one advertiser—the members of a manufacturer's own advertising department. Third, there are advertising agencies.

Even the name "advertising agency" is a misnomer—a survival of an earlier day when an advertising agent was merely a person who obtained advertisements for publishers, a day when nobody bothered much about what an advertisement said. While real estate men have been turning themselves into realtors and undertakers into morticians, advertising agents have been too busy catching the closing dates of publications to worry about changing their names.

It is true that some of them label themselves "merchandising and advertising counsellors" and occasionally you find a firm of "business engineers" or "research and merchandising specialists," but most advertising agencies content themselves with the plain word "advertising."

A generation ago the type of advertising agency organization as it exists today was virtually unknown. This was at the period in which American industries were only beginning to enter into an era of production on a large scale. One manufacturer after another found that he could produce much more than the public in his own neighborhood could consume. How could the collar manufacturer in Troy or the furniture manufacturer in Grand Rapids tell the men and women who lived in California or Alabama about their products? By advertising. So the need arose for the type of business man who could do the telling.

The publishers had their service and facilities for sale but the manufacturer wanted some to help him convey



The advertising agency works in closest cooperation with the manufacturer's own advertising experts. It applies its specialized creative abilities to the telling of the manufacturer's story and to the opening of new markets

a message. The publisher realized that his facilities were not complete without some way of preparing the advertiser's story.

Agency Fills Need

WITH this obvious need on the part of both the manufacturer and the advertiser, it was only a question of time until there came into existence the type of organization which is known today as the advertising agency. So now we have these organizations, some of them small, some of them large, some serving a few clients, some many—all devoted to finding out what conditions are and how best to meet them by interpreting the advertiser's story in a way that will increase his sales and reputation.

These advertising agencies, responsible for the preparation of so great a share of national advertising, are composed of investigators who study the conditions of the market, of executives trained and experienced in drawing conclusions from the material obtained, of artists and writers skilled in interpreting a marketing idea. Working in the closest cooperation with the manufacturer's own advertising experts, it is the work of these agencies to apply their specialized creative abilities to opening up new markets for the advertiser and to creating and maintaining new advertisers for the publisher.

It may be argued that it doesn't matter much whether the public knows what an advertising agency is or what it does. The manufacturer knows and that's enough. But is it?

Probably ninety per cent of all advertising appearing in national magazines and in newspapers (excepting the advertising of department stores and specialty shops where the demands of day to day quick changes call for an internal advertising department) is prepared by advertising agencies. New firms are appearing as advertisers every day. Young executives are going into manufacturing companies and are being put to work on tasks which touch advertising and the agency's work at some point.

Every agency numbers among its customers those who represent every shade of understanding of the functions of an advertising agency. Every agency man knows that there are some of his customers who either by instinct or experience seem to know exactly how to utilize all the services of an advertising agency with the least lost motion for everybody. Every agency man knows how much more effectively an agency operates under those conditions. That is why advertising men have welcomed the Harvard Business School's new method of teaching several hundred future executives each year not just to write copy or make layouts, but to understand what advertising is and how to apply it properly.

For the effectiveness of an agency's work greatly depends upon the congenial, intelligent cooperation of those within an advertiser's organization. The advertising manager and the sales executives of a manufacturer are usually more intimately acquainted with that advertiser's business than his agency. They are on the ground every day. The agency's visits come at intervals. Each one can help the other—particularly when it is realized that there is no conflict of interest, that every one is working for the same thing, and when all time spent together is devoted to a sympathetic exchange of ideas.

One evening recently a certain after-dinner speaker, occupying a very prominent place in public life, was talking about advertising to a gathering of newspaper publishers. As his speech progressed it became evident that he was congratulating his audience on its ability to write advertisements and to buy unusually fine pictures for the advertising pages of the magazines—and his audience was almost exclusively composed of newspaper publishers and their advertising directors, none of whom ever writes an advertisement or buys a picture.

Yet those who listened to him realized that it was not his fault if his ideas were hazy about the way in which advertising is prepared. Probably he never heard of an advertising agency.

Even a learned attorney for the Federal Trade Commission recently showed that his conception of an advertising agency's work was limited to the making of advertisements. He offered in evidence a chart prepared by a certain agency to show the steps through which an advertisement passes on its way from somebody's brain, through many sets of brains and many pairs of hands, until it finally reaches the presses of a publisher.

"Does that chart show the work of an advertising agency?" he asked.

Brain-work Not Counted

OF COURSE he was told that it showed only the work of that agency after it actually started to produce an advertisement, but that it did not reflect the vast amount of preliminary study and planning and thinking which preceded the actual producing of an advertisement.

Agency executives often deplore the general lack of understanding about agency work. Some of them frequently urge the American Association of Advertising Agencies to cooperate with the Association of National Advertisers in a campaign of public education. Perhaps a way will be found to do something of this kind some day. But it has always been felt that there are three real difficulties in the way of such a campaign.

First, advertising agency service is by no means standardized. It has never been the purpose of the American Association of Advertising Agencies to say to its members that they must follow any beaten track in their work.

The second reason is that advertising agencies vary so tremendously in size. They run all

(*Continued on page* 70)



TODAY the advertising agency is not content merely to write the advertiser's messages to the public. It offers the advertiser the viewpoint of the interested outsider, trained in technique and experienced in the fundamentals that underlie all business.





UNDERWOOD AND UNDERWOOD

The Law a Guide not a Hangman

By JAMES L. WRIGHT

"ADVICE in advance. Can the authorities give it to me?" Many a business man has asked this question. Col. William J. Donovan, assistant to the Attorney General, tells of the new attitude of the Department of Justice towards business

"BIG BUSINESS has come to realize that it is better to be directed by a traffic cop than to be trailed by a detective."

In that way, Col. William J. Donovan, Assistant to the Attorney General of the United States, who in addition to his other duties has direct charge of trust-busting activities of the Government, described the new method by which federal counsel is given in the hope of staving off litigation, and the effect of the change in the attitude of the United States toward business, large and small.

"Many contemplated monopolies now are stopped before they enter the danger zone by a warning signal from Uncle Sam," Colonel Donovan continued. "In other years they were given no direction or advice. They were allowed to go ahead, but as soon as it was found they were blocking the free flow of commerce and competition they were dragged into court to engage in protracted and expensive litigation."

The truth is that painless trust-busting today, non-spectacular as it is, really is more effective than big-stick swinging was in the sensational, colorful days of previous periods.

There are official government figures which completely substantiate that conclusion.

Under the new order, as practiced in the present administration, the problem of breaking monopolies is tackled at the threshold.

Whenever officials of the Department of Justice learn of a contemplated consolidation that seems likely to have monopolistic tendencies, the parties involved are summoned to Washington for a conference on the legality of it.

Advice in Advance

THEY are asked to lay all the cards on the table. The whole financial structure of their enterprise is studied by the Government.

Trained economists are employed by the Department of Justice to advise on these cases, which, as Colonel Donovan says, "are economic in their effect, and which as a practical matter affect the sugar bowl as well as the wash basin in every kitchen."

No promises of immunity are given, or can be given, but it is the position of the officials now in charge of these matters that legitimate business has a right to rely upon the good faith and intelligence of its Government and is entitled to know its attitude in a given situation.

There are three points worthy of consideration in this policy, which has the personal approval of President Coolidge:

1. The promptness with which the provisions of the anti-trust laws are effectively applied to illegal conditions.

2. The encouragement of those engaged in business to deal frankly with the Government in disclosing their activities.

3. The lack of expense, both to the Government and to the prospective defendants in securing the full effect of the public policy of this country as contained in the anti-trust laws.

Congress used to appropriate as much as $500,000 each year for the anti-trust activities of the Department of Justice; it appropriates only $200,000 now. In addition to that, special counsel was employed outside by the Government to handle particular anti-trust cases whereas today cases are conducted by the regular staff of attorneys.

"Legitimate business," asserts Colonel Donovan, " is entitled to be treated

in a manner different from a narcotic peddler.

It may have been necessary to use the big stick more often two decades ago, because then public opinion had to be aroused and the arrogance of business reduced. Today there are higher ethical business standards.

"This does not mean that Uncle Sam no longer carries a night stick in his belt. He still has it and he will swing it if necessary.

"As a matter of fact, the Government is no less drastic and is no less stringent in preventing monopolies than it was before."

Less Ballyhoo and More Work

THE records of the antitrust division of the Department of Justice show that during the last six years of Roosevelt's administration, when the whole country was feverish about trusts, a total of 41 cases were instituted; that 7 decrees were obtained, and the fines amounted to $152,000.

In the three years of Calvin Coolidge's administration and the last year of the Harding-Coolidge administration, without the country being aroused at all, 60 cases have been instituted, 30 decrees have been obtained, and fines of $984,000 imposed, irrespective of the many monopolies blocked at their inception.

During the four years that William Howard Taft was in the White House a total of 80 antitrust cases were instituted, 15 decrees were obtained, and fines of $271,032 were imposed.

In the eight years of Woodrow Wilson that followed, 88 cases were instituted, 50 decrees obtained, and fines of $377,032 imposed.

In the first two years of Warren G. Harding's administration and in the third year which Mr. Coolidge shared with his predecessor in the White House, 52 antitrust cases were begun, 15 decrees were obtained and fines of $483,350 were imposed.

Pacific but Not Pacifist

THE man who preaches and practices a pacific attitude toward legitimate business, is anything but a pacifist himself. He comes from a race not always averse to a fight, for his father was Timothy P. Donovan and his mother Mary Lennon.

Moreover, he was known in the American Expeditionary Force as "Wild Bill" Donovan, and he won more than a title in the World War.

Colonel Donovan is the only man of the more than 2,000,000 who were sent abroad in the American forces who won the three highest decorations in the gift of the Government in the World War—the Congressional Medal of Honor, the Distinguished Service Cross, and the Distinguished Service Medal.

There are two other men now living who have those three decorations, but they won their congressional medals in the Spanish-American War, and the other two honors in the World War.

On the night that Colonel Donovan was presented with the Congressional Medal of Honor, he turned it over to his old regiment, the 165th Infantry of the Rainbow Division, saying it had been won by the entire command. Colonel Donovan's citation at the time the Distinguished Service Cross was awarded reads in part:

William J. Donovan, Colonel, 165th Infantry. He lead his battalion across the River Ourcq and captured important enemy strongholds near Villers-sur-Fere, France, on July 28-31, 1918. . . . His coolness, courage, and efficient leadership rendered possible the maintenance of this position.

For extraordinary heroism in action near Landres and St. Georges, France, October 14-15, 1918, Colonel Donovan is awarded a bronze oak-leaf cluster to be worn with the distinguished service cross. He personally led the assaulting wave in an attack upon a very strongly organized position, and when our troops were suffering heavy casualties encouraged all near him by his example, moving among his men in exposed positions, reorganizing decimated platoons, and accompanying them forward in attacks.

Colonel Donovan was not drafted for service in the war. He enlisted at the age of 34. At the time he was captain of Troop 1, 1st Cavalry, New York National Guard.

Keeps Fighting in Peace Time

EVEN after the war Colonel Donovan carried on his fighting traditions. He won the undying enmity of some of his best friends in his home town by prosecuting two fashionable clubs of which he was a member.

Colonel Donovan is still willing to fight, as the many anti-trust cases instituted in the last four years indicate,

Business Men You Have Read About



BACHRACH

AIR-MINDED

General W. W. Atterbury, President of the Pennsylvania Railroad, says that regular airplane passenger service may soon be added to the buses and railroad trains his company already operates



MITTEN PLAN MAN

T. E. Mitten is author of the plan under which Philadelphia transit workers have shared for 17 years in their company's management and profits. This plan is hailed by some as marking a new era for labor



UNDERWOOD

MORE HOTELS

John M. Bowman, president of the Bowman-Biltmore Hotels Corporation, New York, has a new company to operate hotels — Bowman Management, Inc., and is adding five new hotels to his chain



BLANK & STOLLER

CIVIC WORKER

Robert DeForest, business man and lawyer, is president, American Federation of Arts, New York. On his eightieth birthday he was honored for distinguished service as a layman in advancing art and architecture.



KEYSTONE

PIONEER AVIATRIX

Of the nine women fliers in this country licensed by Government to pilot planes, Mrs. Phoebe F. Omlie was the first. She is an officer in a Memphis air travel organization and flying school



PIRIE MACDONALD

ONE MORE HONOR

Charles M. Schwab of Bethlehem Steel has received the Bessemer Gold Medal for distinguished merit in promoting the metallurgy of iron and steel. This is the highest honor the British Iron and Steel Institute can bestow

but first of all he is willing to avoid extreme action if business shows a willingness to conform to the laws of its own accord.

Among the conspicuous cases which Colonel Donovan has conducted in the Supreme Court are those against the Trenton Potteries Company, the Sisal Sales Corporation, the General Electric Company, and the International Harvester Company.

These decisions and others bearing on the anti-trust statutes have served to clarify the real meaning of the laws, so that business and the Government are surer of their footing now than they were 20 years ago.

In the Sisal case, the anti-trust provisions of the Wilson tariff act were brought into play for the first time to prevent a foreign corporation from doing in the United States what an American concern could not do.

This weapon is being used against a Franco-German chemical concern, and it is now effectively available for use against foreign monopolies that may be seeking to control prices and competition in the United States.

Information on Trade Conduct

"LEGITIMATE business," said Colonel Donovan in discussing the present policy of the Government, "should be anxious to have determined at the earliest possible moment and before it has made commitments that are serious questions affecting its trade conduct.

"The great purpose of meeting a problem at its inception is to determine then if its consummation may result in a violation of the law. From the standpoint of the public this is important in a way that was not true twenty years ago. Then corporations were owned primarily by a few men of great wealth, whereas today the stockholders represent great masses of the public.

"It is often the case at the present time that the directors are not the owners of the business. They are entrusted not only with the money, but with the good name of others. The big corporation cannot pass out with the death of the persons who manage it.

"Thousands would be injured unless the corporation continues from generation to generation.

"When dissolution of a corporation is ordered it may mean a great loss to the wage-earner, not only the man who is employed by the business, but the wage-earner in other businesses, who has bought stock in the corporation. By meeting the problem of monopoly at the threshold, it is possible to work out difficult legal problems involved before dangerous threads are woven into the economic fabric of the nation."

Cases Show New Policy

ANY number of cases might be cited, illustrative of the policy now in vogue, but among the more conspicuous are the cases instituted by the Government against the Rand Kardex Bureau, Inc., the American Agricultural Chemical Company, the American Amusement Ticket Manufacturers' Association, the Maine Cooperative Sardine Company and against the Berger Manufacturing Company.

After preliminary action had been taken the companies came in with their books and papers. The Government required the Rand Kardex people to divest itself of the stock of the Globe Wernicke Company on an "interlocking directorate" charge.

Defendants in the case of the chemical combine were fined $91,500 after they had entered pleas of nolle contendere. A decree was entered, restraining the practice of the American Amusement Ticket Company, which represented 85 per cent of that industry.

The Maine Cooperative Sardine Company was dissolved, and the Berger Manufacturing Company and other companies who were manufacturers of metal lath, were fined $10,000 and enjoined from further combination in restraint of interstate commerce.

Settlements Without Litigation

ALL OF these settlements were reached without long drawn-out litigation. Furthermore, the companies by bringing in their books and records, and by authorizing Government agents to study their concerns at their home offices, laid before the federal authorities information which it would have required years to obtain if the businesses involved had fought the Government every step of the way.

The new conception of the way that

(*Continued on page* 103)

In the Passing News of the Month



BLANK & STOLLER

HEADS CHAMBER

L. F. Loree is the new president of the New York State Chamber of Commerce, which asserts its place not only as the oldest organization of business men in America but also the oldest in the world



BLANK & STOLLER

SUCCEEDS DEPEW

A. H. Harris has ben made chairman of the board of the New York Central, a position which in effect makes him successor to Chauncey M. Depew, who for many years held this position



MARCEAU

GIVES WAY TO BOY

E. H. H. Simmons gave up the president's chair of the New York Stock Exchange for Boys' Day in favor of an 18-year-old clerk. Mr. Simmons addressed the employes on the significance of Boys' Day



BLANK & STOLLER

HE'S 50 DIRECTORS

Matthew C. Brush of New York has rehabilitated the American International Corporation. He is one of the world's champion directors—holding more than 50 directorships in large corporations



CAMPBELL, N. Y.

STILL GOING UP

George B. Elliott, new president of the Atlantic Coast Line, began his career in 1892 with the Chesapeake & Ohio as an assistant engineer. He has been with the Atlantic Coast Line since 1896



JUBILEE DINNER

Before sailing to Europe William C. Durant, automobile maker and one of the figures in the recent sensational stock market, was guest of honor at a farewell dinner attended by the largest stock - market winners

The Banker Looks at Distribution

By C. STANLEY MITCHELL

President, Central Mercantile Bank & Trust Co., New York

Illustrations by Thomas Benrimo

THE BANKER today is looking more and more to distribution, with a view to suggesting modifications which may lead to lowering costs.

Like all those concerned with "profitless prosperity" and "valueless volume," he is coming to feel that distribution is the weak part of the system. If distribution's snarls and tangles were eliminated the economies resulting might prove a good eraser for the red ink on so many balance sheets.

One solution to the problem of getting cheaper, more efficient and more permanent distribution is in the employment of existing distribution services. There are now a number of these, in just about all major marketing centers. An illustration may be illuminating to many to whom the term distribution service is at best vague or confusing.



The banker sees at close range the activities of all the units that make up the business picture—production of raw materials, manufacturing, distribution, retailing

A stove manufacturer on the west coast was telling his troubles to his banker.

"Here we are," the stove maker said, "putting out several ranges unsurpassed in the country. Our volume has grown steadily. You know what our story is. We have a sweet little business. The pity of it is that it is little. We might get a fair percentage of the business of the new homes and apartments, even to the eastern seaboard, if we could only teach our stoves to climb the Rockies on their own legs."

He sighed.

The banker took out a pencil. The stove manufacturer made an impatient gesture.

"Oh, I know you're going to tell me I could get the business if I'd go after it—that national sales aren't made in the home office. But we can't afford the sales force, or the advertising, or the freight on the relatively small orders they'd get for the first six months or so. Even by using the Panama Canal we can't bear the expense of making a small sale and then delivering it. Freight deliveries are getting better and better. Still that doesn't mean much to us when competing with manufacturers in Newark or Cincinnati or Birmingham."

The banker smiled as he said, "Sure, that's all true, but I won't put the pencil away just yet. First, how can your costs be cut?"

"Well, we think our costs are well down now. For one or two jobs we could fire men and hire others at slight wage reductions, but that isn't a profitable procedure for long. The plant is being run efficiently, as you know."

"I'll grant you finish your product better and cheaper than anyone else near here could. That's no bouquet, for bouquets don't sit well on stoves. What about your distribution costs?" asked the financier.

"Oh, those? Why, we haven't even the alternative of cutting much there," replied the manufacturer. "If we cut our advertising, it would show in the production cost sheets soon enough. We have a first rate crew of salesmen and it wouldn't be any saving to cut any off, or to cut down the scope of their operations."

"Now, pardon me for interrupting," said the banker, "but you are doing just what 99 out of 100 men do when talking distribution. You are talking marketing. Distribution has been defined as getting goods from where they are to where they ought to be. Sure, that's part of your job. Suppose we talk of it as a physical basis of your market. Take freight rates, and you have one of the big items every man in business has to face. You've got to pay them—mostly they are fair, and it won't be for the good of business to write to some bellicose congressman to investigate rates with a view to lowering them. That is hardly original.

"The service you're giving is bound to cost something, and your customer wants something for nothing no more than you do. But he does want to know that that service is the best and cheapest you can give him—or he'll try elsewhere. By the way, did you ever look into the possibilities of the distribution services throughout the country?"

"Well, only in a negative way, if you mean taking warehouse space," said the stove builder.

"Not by any means. There are numerous agencies in the country which

are equipped to take care of the physical end of distribution for you, and I'll wager that in every case outside of your own natural distributing center they can do it cheaper and better and quicker than you can. Take, for example, the agency in Brooklyn that serves the metropolitan area. That relatively small area is larger in point of buying power than the whole national markets of most European countries. Nearly the same is true for Chicago, and in lesser degree for several other American centers where buying power is concentrated.

Snapshot of Distribution

"THAT Brooklyn terminal facility has its own docks, its own yards; yes, its own factories and lofts to rent; its own warehouses, its own trucking fleets. It is a fine snapshot of mass distribution, and a revelation in the economies it may make."

The stove and range maker remarked that his company was considering doing all that for itself, when volume warranted, at least so far as storage went.

"Well," continued the banker, "don't jump at that too fast. One of the most popular soaps in the country is sweating blood, if you will excuse the figure, because of its rotten distribution. It has its own warehouses, and it's finding it very expensive to do its wholesaling on a national scale. When a manufacturer tries to operate on the factory to-consumer plan, he overlooks the army of niggers in the woodpile—namely, that separate packaging and separate delivery of such small items are very, very expensive.

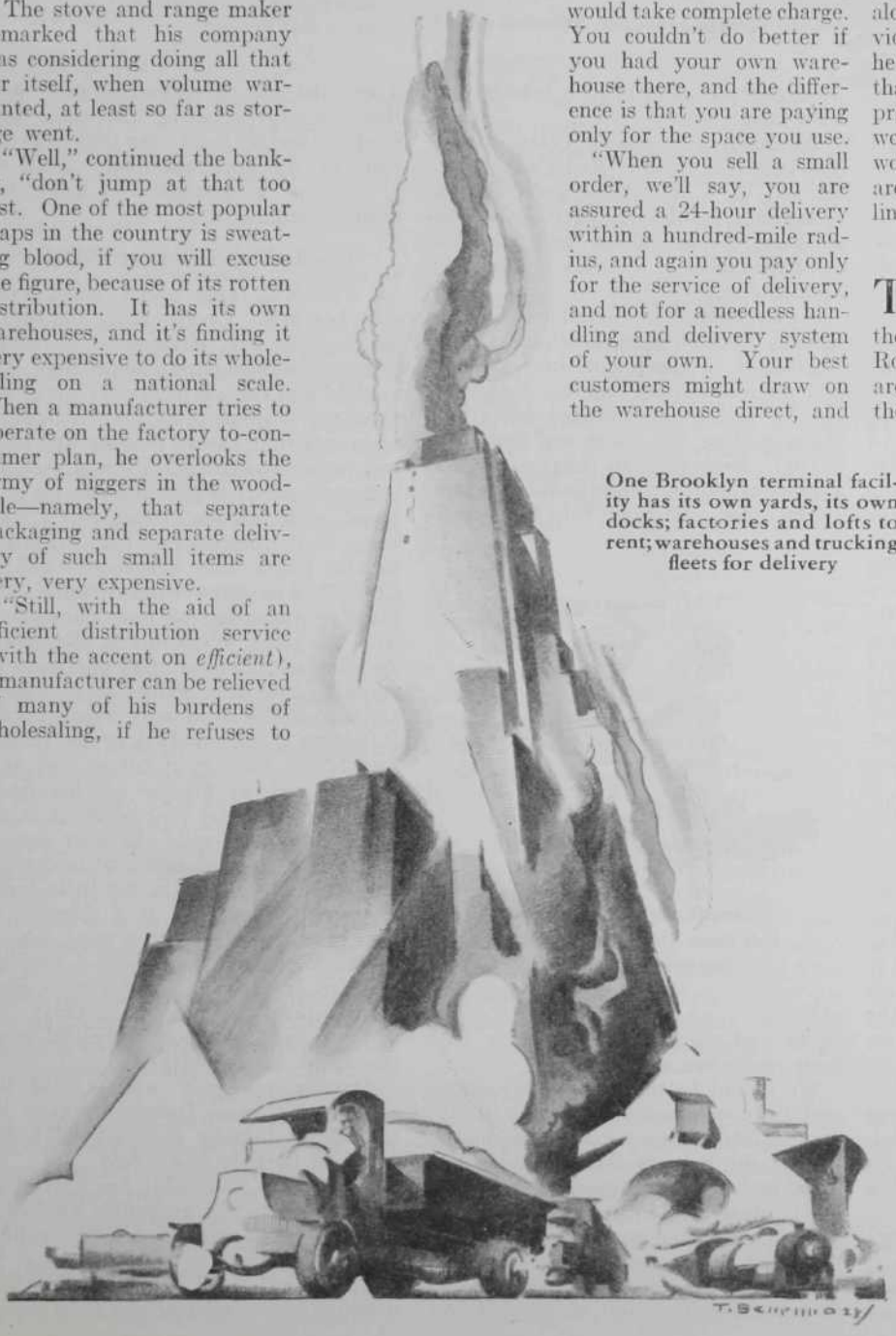
"Still, with the aid of an efficient distribution service (with the accent on *efficient*), a manufacturer can be relieved of many of his burdens of wholesaling, if he refuses to consider them an essential. This distribution service acts as a glorified wholesaler of almost every line under the sun, but it has no financial interest in the goods carried, although prepared to serve all who desire to buy.

"Looked at in another way, it is a giant department store with most efficient delivery systems. Its customers fall in all classifications: wholesalers, distributors, retailers, consumers.

"Too few manufacturers and wholesalers realize the services they have waiting for them. The idea is news to them just as it is to you.

"Suppose you could ship ten cars of ranges to New York and put them 'in distribution,' as it is called, with the service there. The freight would be small, if you shipped through the canal, and delivery time wouldn't be a question of hours. On arrival of the goods the service would take complete charge. You couldn't do better if you had your own warehouse there, and the difference is that you are paying only for the space you use.

"When you sell a small order, we'll say, you are assured a 24-hour delivery within a hundred-mile radius, and again you pay only for the service of delivery, and not for a needless handling and delivery system of your own. Your best customers might draw on the warehouse direct, and all the bookkeeping would be done for you."



One Brooklyn terminal facility has its own yards, its own docks; factories and lofts to rent; warehouses and trucking fleets for delivery

"Who are using this service and what does it get them?" asked the manufacturer.

"Well," continued the banker, gratified, "I understand that manufacturers of relatively small finished products like yours are in the majority. Some chain stores take advantage of distribution services, either exclusively, or as an auxiliary to their own warehouses. One huge grocery chain recently sold its Jersey City warehouse to take advantage of a distribution service.

"Then there is a growing tendency on the part of wholesalers to use it, in order to meet the competition of manufacturers such as yourself, who sell direct to dealers. No matter how you get distribution, there is bound to be some expense to it. There are many steps, and you can't skip any. If you can get along without any of the jobbers' services, well and good. If you can do all he would do for you cheaper and better than he could whether or no, that's your problem. Maybe none of this would work out profitably in your case, but it's worth suggesting simply because others are doing it successfully along parallel lines."

Goods Delivered on Time

THE foregoing conversation took place about eight months ago. As a result, the manufacturer's stoves now cross the Rockies "on their own legs." The ranges are now being marketed profitably in the Metropolitan area. They have at least a toe hold on a national market and are being installed in new homes throughout the East today. Need I point the moral of the banker as a business builder?

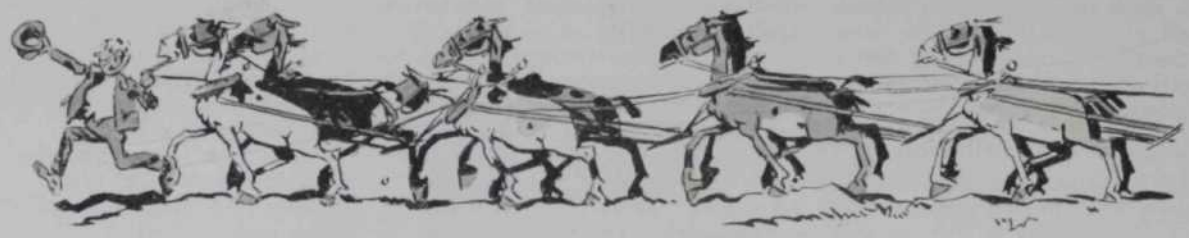
Having found an efficient handling system, the firm's salesmen were freed of answering the old question, "Why should we buy from you if we can't be sure of getting goods when we want them and in shape to sell?" Once they were working in a territory where prompt delivery in any amount was assured, they were able to create sales, and to use their initiative where before they had too often the added burden of smoothing out service troubles.

In the last decade the mention of the word "costs" has suggested production. If distribution be suggested, the phrase that springs to mind is "waste in distribution." In that field, it seems to me, are many of the very valuable services a banker may offer his clients in the form of suggestions. Every manufacturer or wholesaler should know how to analyze his costs of distribution; be able to take them apart, and then put them together again with any non-essential items removed.

There has been little enough

(*Continued on page* 67)

My Town Has Too Many



By W. O. SAUNDERS

Publisher, The Independent, *Elizabeth City, N. C.*

THE TOWN I live in is an average town in an average state. No need to argue that point; I admit it. The problems confronting my little town are the problems confronting the average little town in the average state anywhere in America. What ails my little town is just about what ails your little town—if you are a small town man.

It occurred to me some time ago that if I could put my finger on what's the matter with my little town, I would have located the principal affliction of most other little towns. I think I have it.

In Elizabeth City, Pasquotank County, North Carolina, we have too many organizations and no organization. It takes team work to do things in this world and a big mule team that could pull a little town out of the slough of indifference and mediocrity is so split up into little mule teams pulling every way but a common way, that we make progress slowly in everything except changing the lighting system on Main Street or raising our annual quota for the Anti-Saloon League.

Typically Overorganized

THE LAST decennial census of the United States gives Elizabeth City a population of less than 10,000. Censuses never do give us as big a population as we claim. But of this near 10,000 approximately 3,500 are colored folk and I'm writing about us white folk. The 6,500 of us have more than two score organizations that I can name off hand and the Lord only knows how many that have escaped me. I am told the negroes are more overorganized than that.

We have a Chamber of Commerce and a Merchants Bureau; a Rotary Club and a Kiwanis Club; a Shrine Club, an Elk's Club, a Community Club, and a Country Club.

We have Masons—Royal Arch, Knights Templar, Commandery, Scottish Rite, and brick; Pythians, Odd Fellows, Red Men, Junior Order, United American Mechanics, Woodmen (two brands) and what have you.

We have a Woman's Club, Parent-Teachers Association; Red Cross Chapter, W. C. T. U., Anti-Saloon League, to say nothing of Daughters of the Confederacy, Bridge Clubs and coca-cola clubs that meet at the soda fountains on Main Street.

We have Baptists, Methodists, Episcopalians, Presbyterians, Disciples, Catholics, Saints of God; and there are several different Baptist congregations, while the Methodists are divided into three Congregations, two South and one North of God. Each religious congregation has a dozen or more organizations of its own.

And then we have the Democratic party and the Republican party with their respective organizations.



"There is nothing like a baseball team to bring neighboring towns together"

We should be the most highly organized little community on earth really; but the everlasting truth of the matter is that the town is divided and subdivided into so many organizations revolving in their own little orbits or pulling in so many different directions that we have very little unity.

Uniting on a common purpose seems at times hopelessly out of the question. About the only thing we can unite on is the business of hating the town that sends a baseball team over that licks our team on the home diamond. Then we are as one, inseparable and indivisible, hating unanimously.

Baseball to Promote Comity

A FUNNY thing about small town baseball. Every spring the sports get together and circulate subscription lists to raise money for a home team. We are told that there is no greater advertisement for a small town than a baseball team and that there's nothing like baseball to bring neighboring towns together and promote friendly intercourse and social and business relations. "We'll bring all the neighboring towns together in one league and everybody will be happy." I have never seen it work. The trade relations that we have patched up with our sister towns during the winter are shot all to pieces after one team or another loses three games in succession and an umpire is hit with a pop bottle. But hope springs eternal in the human breast (our memory is not so long as a winter) and we finance another baseball team "for the promotion of intercommunity good will" the next season.

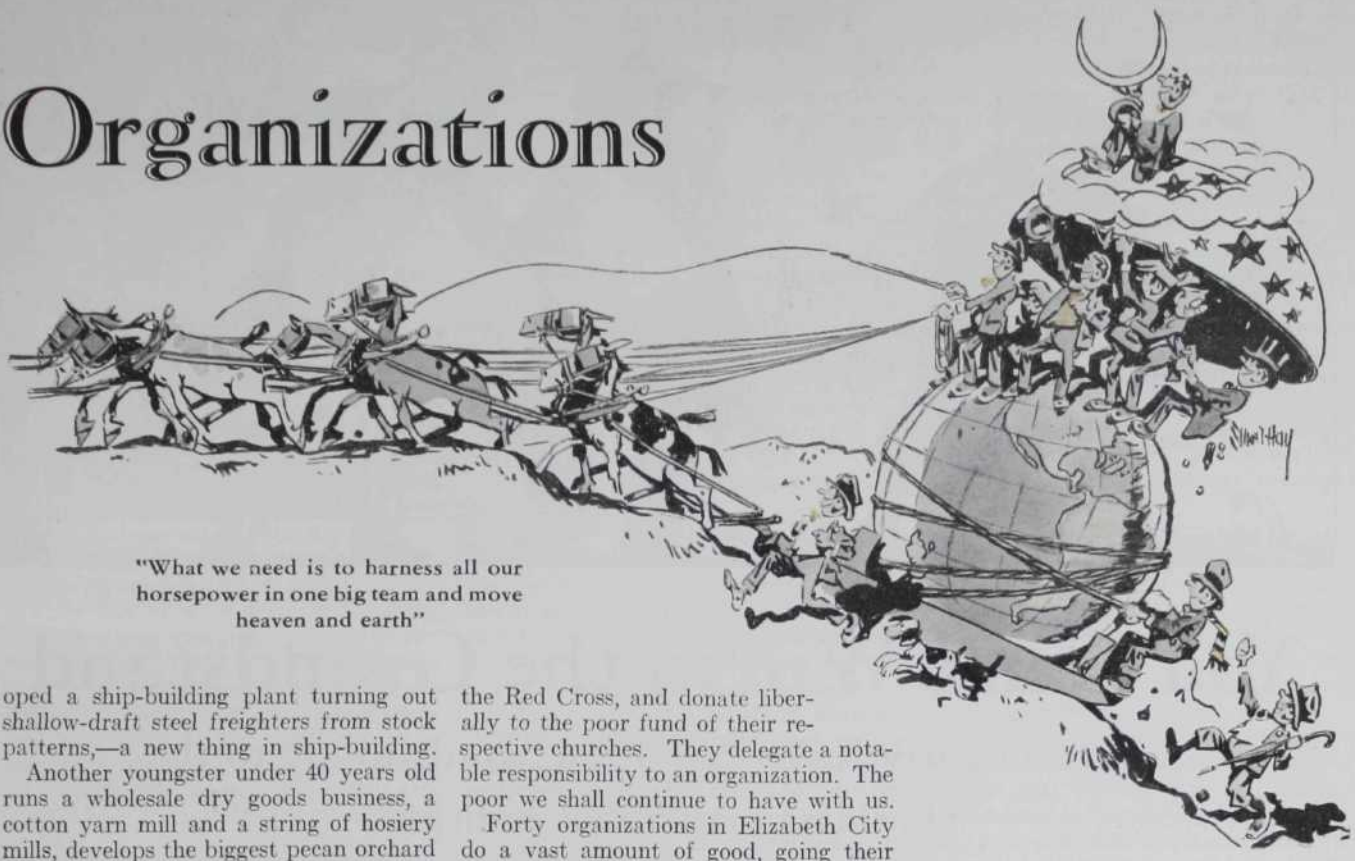
We have a lot of potential leadership and executive ability in my little town. A youngster working at a machine in one of our mills got several fingers chopped off and the machine couldn't use him any more. He started a little neighborhood grocery and is today one of the largest and most successful retail merchants in the state.

Another youngster who started life with an ice cream freezer has built up the biggest bottling and soft drink distributing business in his field.

A teller in a small bank has worked up in 15 years to the executive head of a banking group with nearly ten million dollars resources.

Three hard-fisted and grimy brothers working in a small machine shop devel-

Organizations



"What we need is to harness all our horsepower in one big team and move heaven and earth"

oped a ship-building plant turning out shallow-draft steel freighters from stock patterns,—a new thing in ship-building.

Another youngster under 40 years old runs a wholesale dry goods business, a cotton yarn mill and a string of hosiery mills, develops the biggest pecan orchard in the state, and operates a number of big truck farms on the side.

Three brothers fell heir to a saw mill and a lot of waste land that had been denuded of timber and was a drug on the market at a dollar an acre. They turned their waste lands into pastures, and stock farms and herds of thoroughbred cattle and pigs flourish on lands formerly fit only for frogs and rabbits. And so it goes; we have executive ability and potential leadership.

Wind-jammers for Leaders

BUT the potential leaders are up to their ears in their own enterprises. Our executives are office boys; our potential leaders are so buried in personal and institutional enterprises that they have little mind, little heart, little courage for community enterprises; they are chained to their desks. And so it often happens that the fellow who has no desk and no particular assets in ability or character takes advantage of the opening and sets himself up as a public leader. That's why we have so many wind-jammers posing as leaders.

The citizen who might be a great leader and put through any project, be it a solution of the parking problem, the financing of an airport or the abolition of all suburban and back yard untidiness, takes out a membership in some organization that puts the word service in blue and gold on its letterheads. He even forgets to attend the luncheon at which some pressing community need is to be discussed, and the discussion is led by a lot of birds who have nothing else to do but talk.

The poor we have always with us. Our best minds join the Elks, contribute to the Red Cross, and donate liberally to the poor fund of their respective churches. They delegate a notable responsibility to an organization. The poor we shall continue to have with us.

Forty organizations in Elizabeth City do a vast amount of good, going their separate ways. But their ways are not a common way. There is dearth of unified effort and often a lot of confusion. I have seen Methodist Church, Baptist Church, Elks, Masons and Junior Order, each working independently, send big baskets of food on Christmas to one household and all of them missed a not less deserving indigent family just around the corner. This condition with respect to poor relief has been largely remedied through a United Charities, but scores of other things that could be united to as good purpose are as far apart as the opposition groups in a Democratic Convention.

It sometimes happens that jealousies and antagonisms arise because one organization happens to think of a thing first. I have seen Kiwanians lay off a great community enterprise because the Rotarians got in on it first; and I have seen Rotarians regard a great public need with sheer indifference because the Kiwanis Club happened to sponsor it before the Rotarians thought of it.

And when a Baptist congregation goes across the street and sits with its neighbor the Methodist Congregation one Sunday night in the year and when the Methodists have returned the call, they have fulfilled their neighbourly obligations for a twelve months—in their opinion.

It is only with outside help that we ever unite and all pulling together put over some big outstanding community project. We needed a hotel and the only way to get it was to make it a community project. No single organization in the town could enlist the moral and financial support of the whole community.

We brought in a high power financing outfit and paid it a fat sum to make us forget our organizations and enlist in an organization. The outsiders managed to organize the livest Rotarians, the livest Kiwanians, the best minds in the Chamber of Commerce and the Merchants Bureau; they pried the bank executives, the mill owners, the merchants and other big operatives away from their desks, put them in harness and goaded them to work. We raised upwards of a million dollars and built a hotel so darn big and beautiful that we wonder how we will ever make it pay.

Getting together isn't in the cards; we have to be herded and corralled.

Souls Saved by Professionals

OUR religion, too, needs promotion. We have seven upright and fairly average ministers in the town. You would think they could get together and save all the souls that are good for the Kingdom. But every five years or so they have to import a high pressure professional evangelical organization to come in and get them together for a big drive for the lost sheep, paying the imported professional enough to build a brand new church.

The trouble with my little town and your little town, as I see it, is too many organizations and not enough organization. We unload almost every social, political and spiritual responsibility on some little jack-ass organization, when what we need is to harness all our horsepower in one big team and move heaven and earth with it if desirable.

And what are we going to do about it? Bless me if I know. I guess we'll organize another organization.



You Can't Win in the Grandstand

A veteran party leader has a few words to say to the business man about politics

By CHESTER LEASURE

Illustrations by George Van Werverke

WE WERE talking politics —a veteran party leader and I. He's a state leader in one of the central states where politics is an art. We weren't talking of candidates or conventions or issues, but of the mechanics of politics.

Thinking, perhaps, that here was a chance to get a professional's view of the business man as a factor in political affairs, I recalled:

"Just about a year ago, now a writer in NATION'S BUSINESS asked, 'Is the business man a boob in politics?' What's your idea?"

After a moment came this inquiry:

"Did you ever hear the story of the Oklahoma farmer's mule?"

Knowing this leader to be one who speaks in parables, I said, "Go on."

"In town, one day, this farmer saw a bunch of mules at a sale stable. One attracted his eye. He dickered with the trader and finally bought the mule.

"He led home beautifully.

"Early next morning, the farmer went out to the barn to gloat over his bargain. He opened the barn door to let the mule out and it promptly ran into the door post. Finally the animal extricated himself and trotted out into the lot and ran square into the fence.

"The farmer's suspicions were aroused. He walked over, and standing in front of the mule, took off his hat and made a pass with it before the mule's nose. The mule never batted an eye, and the farmer knew his bargain was blind.

"Angry at being done in the trade, the farmer went to town and, hunting up the horse trader, took him to task for selling a blind mule.

" 'What blind mule?'

" 'You know the one I mean,' said the farmer, 'That mule you sold me yesterday's as blind as a mole.' " And the farmer told about the animal's collisions with the door post and the fence.

" 'Oh, that mule,' said the trader, 'that mule ain't blind. He just don't give a damn.' "

A pause to let the moral sink in, and then:

"No, I wouldn't say your average business man's a boob in politics. I'd say he's more like that horse trader's description of the mule.

Gets Excited Too Late.

"AND that isn't fair, either, for the business man gets excited enough, usually a few weeks before election time. But he gets in too late. He has but little to say about the mechanics of his party and about the selection of its candidates. He has less to say about this phase of public affairs than almost any other group. The political managers are very careful to consider the acceptability of party candidates to the working man, or to the farmer or to the prohibitionist or the anti-prohibitionist, or to the women folk, but they rarely think about the business man in that connection.

"I'm speaking now of business men as a group. There are, of course, individual exceptions. Some of the shrewdest political leaders I have ever known are business men, but as a whole they simply aren't figured as an element that must be considered in the appeals for votes or in choosing candidates.

"And there's no one to blame for this but the business man. It's his indifference, his failure to make himself felt as a factor that must be reckoned with.

"A few years ago in my city, an eminent lawyer was elected to the upper house of the state legislature. He took the place because he saw an opportunity to serve the state in the codification of its laws, long neglected.

"He served his first term and announced for re-election to finish his work. He was not picturesque. His service was just the sane, quiet, constructive sort of thing that should have appealed mightily to thinking citizens; to business men most of all.

"A young fellow, ambitious for a political career, announced himself as an opposing candidate. He made a vigorous campaign and defeated the lawyer for the nomination.

"The day after the primary a prominent business man and the senator met in the lobby of the apartment hotel in which they both lived.

" 'Senator,' he said, 'I'm mighty sorry

about your defeat, yesterday. It's a loss to the community and to the state. It's too bad.' "

" 'Thanks,' said the defeated legislator, adding a bit sardonically, 'did you vote, yesterday?' "

" 'Well,' apologized the business man, 'as a matter of fact I didn't. I had a deal on yesterday morning about a contract, and shot a few holes of golf in the afternoon. You know how those things are.'

Only Nine Per Cent Vote

"NOW this apartment hotel housed well-to-do folk, who were nearly all business men.

"In all there were ninety eligible voters resident in the building. Just as a matter of curiosity, I had the precinct poll checked, and found that out of that ninety eligible business voters, eight had voted.

"Business men can and do get together effectively enough in other affairs, but politically they have not developed an effectiveness strong enough to be taken largely into account by the political managers.

"Of course, the practical politician and the public official are interested in the general prosperity of the community. So long as things go fairly smoothly, so long as everybody's doing reasonably well, there's little danger of political upheaval. In that way, of course, the interests of business are considered, but the politician is thinking more about the worker and the employed and the other more or less well defined groups in the community, than about the business man.

"A lot is said, of course, about business controlling this or that party. That's just stump speaking. Individual business men, may be and are—and properly—effective in the destinies of political parties and organizations, but as a group business gets less consideration than any other."

"But," I interrupted, "isn't it your experience that business men take more interest in national affairs; national campaigns and elections?"

"Apparently, yes," was the reply, "but even in national affairs your average business man doesn't get in until after the nominations, and let me tell you this; the nomination's the important thing.

"But before we get away from the business man and local affairs, let's not forget the importance of these interests.

"The business man is a great talker for economy and good business methods in government. But he seems to forget that economy, like charity, really ought to begin at home. As a matter of fact the Washington government has been doing a remarkable work in cutting its spending and reducing taxes.

"I saw some figures the other day that ought to convince the business man that there are things almost as important as golf on primary election day even though it's only a matter of state and local officials that's at issue. The Budget Director at Washington says that in six years the total tax bill of the country—state, local and federal—has increased from nine billions and a half to something above eleven billions, notwithstanding a federal saving of some two billions, six millions during that time. According to these figures, state and local taxes have increased something like four billions, more than wiping out the federal saving of two billions. Figures like that surely ought to interest the business man in his state and local politics.

"Now let's talk of national politics.

"Within the next thirty days both the national political parties will have held their conventions and nominated their candidates for the Presidency and the Vice Presidency and declared their position on the issues of the campaign—or dodged them—as the case may be.

"What part will business men, as such, have in all this?"

"As a matter of fact, mighty little.

"A number of states, to be sure, have the presidential preference primary. The theory is that the party voters of these states shall, by popular vote, instruct their delegates to the national convention whom they shall support for the Presidency.

"Other states leave the whole thing to their delegates to the party conventions. These delegates are chosen, some in primary election, but for the most part by caucuses or conventions. But for practical purposes even the instruction of a state preference primary is binding only until the preliminary maneuvering is over.

"But in these preliminaries back of the national conventions, the business man, as such, figures mighty small in the picture.

"The President of the United States has the biggest job in the country. He's the executive head of a big cooperative concern with some 120 millions of partners, so to speak. As such he must advise in the procuring and spending of some four billions of revenues each year. It is his duty to name men to such positions as the Interstate Commerce Commission, national supervisors of railway transportation. He must name men to serve on the Federal Trade Commission, national supervisors of business and trade practices. He must name men to serve on the Federal Tariff Commission, national supervisors, in a measure at least, of our trade incoming from foreign lands. He must name men to serve on the Federal Reserve Board, national supervisors of banking and credit. He must name men to enforce the laws and to interpret the laws as jurists.

"The President of the United States is an individual of tremendous importance to the business of the country. Yet, the average business man's activity in aiding in the selection of this General Manager of the United States, is perhaps the least effective of any group that may be defined as such in the country.

Small Choice for Voters

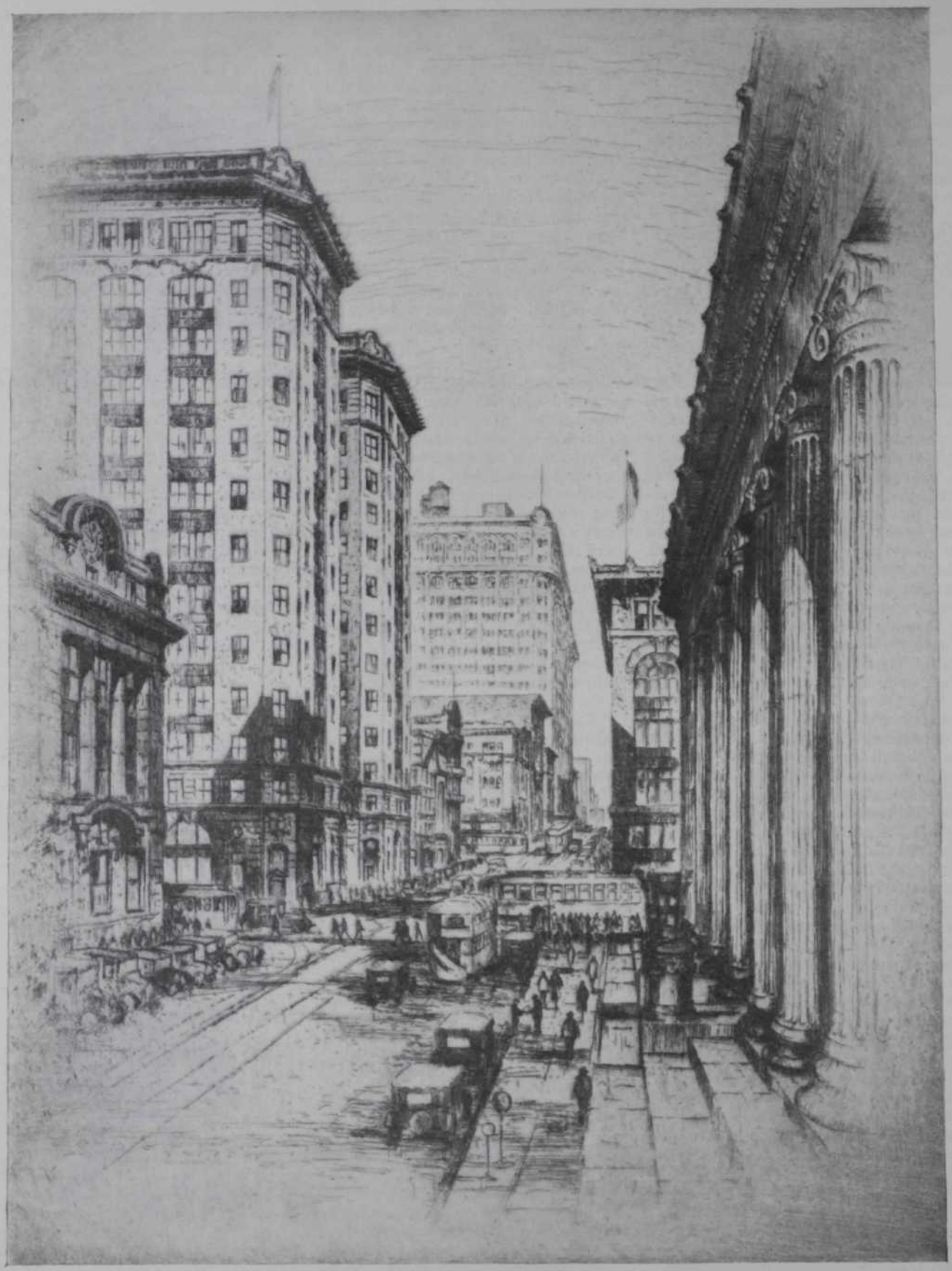
"TO BE sure, the business man votes in the national election, but then his choice is narrowed down to two men. He has had mighty little to do in the preliminary sifting of candidates in the national conventions.

"In choosing a candidate for high political office, the qualification most stressed by the men who operate the political mechanisms, is "availability"; and availability means vote-getting ability. It means the finding of a candidate of sufficient stature and prominence and personality to command interest, with whom the

(*Continued on page* 85)



A young fellow, ambitious for a political career, made a vigorous campaign full of pep and hokum and defeated the eminent lawyer



VI. The Spirit of Baltimore

An Etching by Anton Schutz

BALTIMORE suggests romance—history—literature—fine schools—physicians—in fact, anything but business to many who have never visited the Monumental City. Yet, as this view of Charles Street shows, it is a commercial city of first rank, without sacrificing any of the fine flavor of its individuality.

How the Army Economizes

By DWIGHT FILLEY DAVIS

Secretary of War



UNDERWOOD & UNDERWOOD

"ECONOMIES to be effective must be intelligent. The Army's new system of purchasing makes every dollar do its full duty, and in addition tends to stabilize business."

IT SHOULD be of interest to the business men of the nation who are called on to bear the brunt of taxation to know what their Army is doing to foster tax reduction. It is more or less common belief among business men that the business methods of the military services have not kept pace with modern business. This may have been true up until the inauguration of the Bureau of the Budget, but with this organization using a microscope on all military expenditures it soon became evident that we must put our house in order and make every dollar appropriated for defense do its full duty.

Everyone in the military service was willing and anxious to economize. The pendulum began to swing to the other extreme. Appropriations for certain activities were arbitrarily cut fifty per cent, which in a short time proved "penny wise and pound foolish."

In 1922 a captain at Fort Howard, Md., had to transact some business with the Standard Oil Company in Baltimore. He requested authority to use the telephone, but that authority was denied because of a lack of funds. The captain then applied for the use of an automobile. There being plenty of money for gasoline, a Cadillac car and chauffeur were furnished. The officer in question later figured that the wear and tear of the car, the gasoline and oil consumed, the chauffeur's time and his own amounted to about twenty dollars. This twenty dollars could have been saved by the use of ten cents had money for telephoning been available.

Intelligent Economy

AS Assistant Secretary of War charged with the duty of supervising the procurement and business activities of the War Department, I soon realized that economies to be effective must be intelligent. I further realized that any change in the business methods of the Army must be gradual and expanding rather than sudden and drastic. The question then was where to begin. After much thought and discussion it was decided to plant the first seeds at Cambridge and Wellesley Hills, Mass.

So in 1923 twelve officers from the supply departments were detailed to the Harvard Graduate School of Business Administration and one officer was sent to the Babson Institute to take advantage of Roger Babson's generous offer of a free scholarship. The seeds sown in these fertile fields of business knowledge are now bearing fruit for the Army, and each year sees a new crop of officers turned out, trained in the approved methods of modern business.

The graduates from these schools are placed in key positions, and the transition from the old to the new is gradually being worked out through these officers.

The next step in our economy program was the establishing of a section in the office of the Assistant Secretary of War to supervise and coordinate the purchasing methods of the several supply branches of the Army. The officers detailed to this section visited many of the leading business and manufacturing organizations of the country and through the patriotism and generosity of the officials of these industries we were able to capitalize the experiences of these corporations and build our foundation on sound and approved business methods. It was noted that all leading corporations took full advantage of consolidated and seasonal buying. We therefore tackled these two problems first.

To take full advantage of the consolidated buying power of the Army, we divide all supplies into three groups known as A, B and C. In Group A are placed those supplies the requirements for which are consolidated for the whole Army, and which can be most economically purchased by one office. This group is of necessity small and includes only those items for which requirements can be definitely estimated for relatively long periods, and in which price normally remains stable.

Group B includes those supplies the requirements of which are consolidated for certain regional areas and which can be economically purchased by one office in such area. This group includes those items for which requirements can be definitely estimated for at least a few months.

Group C are those supplies which are purchased locally as needed, and on which no savings would result by placing them in either Group A or Group B.

With a view of synchronizing consolidated and seasonal purchases, studies have been made covering a period of twenty years to determine the seasonal fluctuation in those commodities which the War Department purchases in large quantities. As a result of these studies we are able

(*Continued on page* 62)

Why Consumers Don't Consume

By JAMES E. BOYLE

Professor of Rural Economy, Cornell University

Illustrations by Tony Sarg

WE HAVE passed into an era of cheaper production and dearer distribution.

Most of the consumer's income now goes for services rather than for goods. This is one of the major causes of our present maladjustments



THERE are many different theories of the business depressions, but all writers agree on one basic characteristic of the depression, namely, the maladjustment between production and consumption.

It makes little difference whether you call it overproduction or underconsumption, the evil is this maladjustment. The consumers are not consuming all the goods produced. And when this situation becomes acute enough we term it a depression.

If we examine critically the nature of business depressions, then their causes, their cures suggest themselves.

Space is lacking to trace the history of our major depressions of the last hundred years, namely, those of 1819, 1837, 1873, 1893, and the minor depressions of 1907 and 1920. But economists agree on at least three aspects of these depressions: First, there was too liberal a use of credit in expanding production in anticipation of future profits; second, there emerged the maladjustment between production and consumption—too many goods or the wrong kinds of goods; third, there followed enforced liquidation.

Problem of Oversupply

THE depression is, therefore, both a physical and a psychological phenomenon. It is a "supply and demand" problem. Supply is partly physical, partly psychological. That is, the visible quantity on the market is physical. The estimate of the amount, immediate and prospective, which is to come on the market, is clearly psychological. This situation accounts for the "buyers' strike" on a falling market, the buyer estimating, and rightly so, that if he holds off a little longer, the prices will go still lower.

This situation also accounts for the producers' difficulties in producing the right quantity and quality of goods months in advance of the forecast demands. He is making overcoats in July which he thinks will be worn in December.

On August 15, 1924, The American Woolen Company ran this ad in the Chicago Tribune:

"All the American Woolen Co. Spring 1925 lines of men's wear fabrics are being shown next week for the first time. Buyers should limit their purchases to the amount that they can clearly consume in the season. The history of the wool trade has always shown violent reactions from depressions and low prices. In this 1924 reaction from the depression and low prices there should be a steady market and a steady inflow of business if there is no overbuying or overstocking."

The consumer's demand for any commodity is partly physical, partly psychological: physical, to the extent that he has the money to pay for the article, psychological, to the extent that he has a desire to purchase. It takes ability to buy plus desire to constitute demand.

Supply and demand from the consumer's standpoint, and demand and supply from the producer's standpoint present an increasingly difficult problem. The producer, anticipating demand, must produce his goods ahead of time. More and more distance separates producer and consumer, making transportation increasingly necessary, so that goods are produced from the economic standpoint at the wrong place and at the wrong time.

A greater and greater burden is, therefore, added to the work of distribution. The time gap is bridged by credit: the place gap by transportation. The average haul of our daily food supply is one thousand miles.

At this point in our study we may turn to an examination of the causes of depressions, taking the consumer's budget as the starting point for our study.

The thesis which I intend to elaborate here is mass production versus individual distribution—cheap production versus dear distribution.

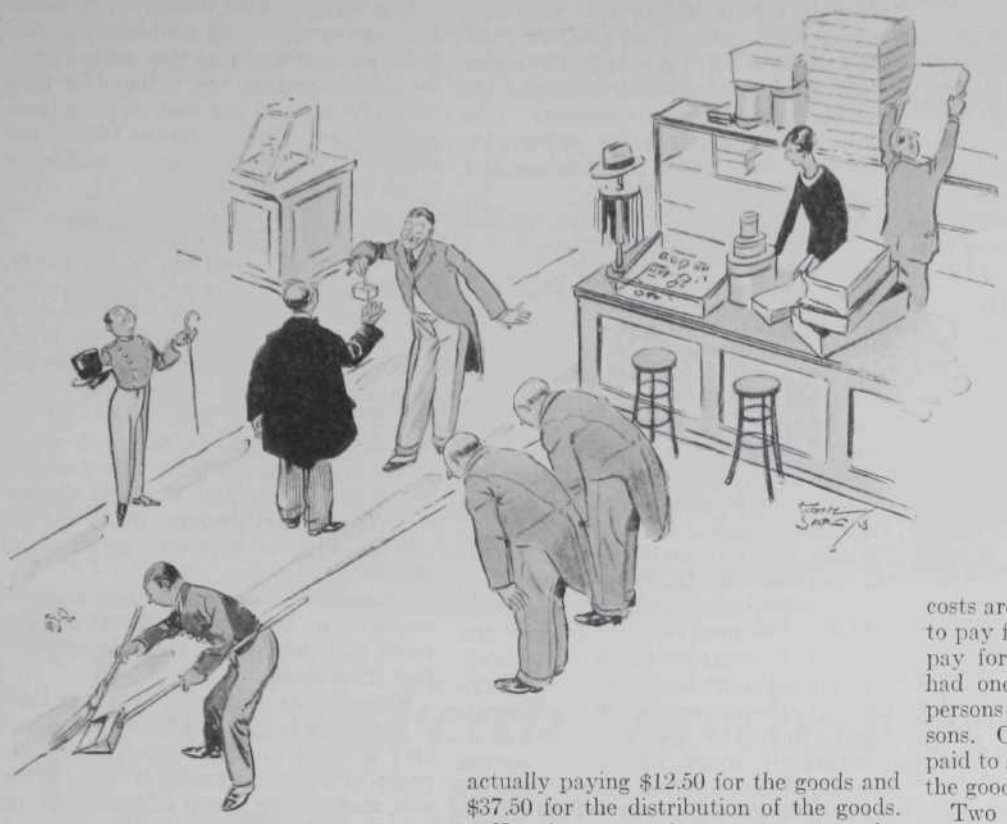
As an approach to this thesis, let us first analyze the consumer's dollar. Who gets it? How much of it is spent for goods and how much for services? And of the various personal services paid for, how important is the personal service element in the distribution of goods?

The Cost of Services

MORE than half of the consumer's income now goes for services, including the service of distribution.

The United States Department of Labor has made a study of the budgets of 12,000 white families, wage-earners, in 92 cities, and has found the following figures for the years 1918 and 1922:

	1918	*1922*
Food	38.2%	30.8
Rent	13.4	19.5
Clothing	16.6	15.4
Furniture	5.1	5.5
Fuel and light	5.3	6.7
Miscellaneous commodities	6.0	6.7
Miscellaneous services	15.4	15.4
	100	100



This table shows not only the costs of the so-called "necessities" (food and shelter) but the shifts in these costs. Note the big drop in 1918-1922 in food costs (a depression in agriculture) and the corresponding rise in rents (reflecting the rural exodus to the cities).

A study of the consumer's dollar as revealed in these two budgets shows that in actual life the consumer is spending only a part of his dollar for goods. He is spending the other part for services.

It is not necessary to pause at this point and remind the reader how much more it costs now than formerly to pay the doctor who helps bring the baby into the world, the dentist for filling a tooth, the undertaker for his sad and solemn performance, not to mention the myriads of intermediate services of beauty parlors, education of children, taxes, moving pictures, actors, musicians, politicians, and others.

Consider at this point only that part of the dollar spent for goods. More than half of this dollar is spent for the service of distribution of these goods. The most expensive service now is distribution.

An acquaintance of mine, Mr. M, recently visited a furniture factory, and was amazed to learn that the manager —an old friend—could make a profit by selling him for $120 a dining room set which was retailing at $400 in Mr. M's town.

A popular typewriter has a production cost, at the factory, of $12.50. In the next city it is retailing at $50. Here the distribution cost is $37.50, or three times the production cost. The buyer is actually paying $12.50 for the goods and $37.50 for the distribution of the goods.

Here is one very important reason why he does not buy more goods. The goods are produced, but the consumer must spend most of his dollar for "services," the most expensive of which is the distribution of these goods. Sam Fraser recently traced a bunch of spinach from the producer on the California ranch to the New York consumer; the producer received 5 cents, the consumer paid $1.75, and yet no one who touched this bunch of spinach made as much as two cents on it.

Competition in Styles

SPACE is lacking to illustrate the continual shifting of consumer demand, but the market itself furnishes daily examples of it. One automobile maker said (until he had made 15,000,000 cars) that his customers could have any color of car they pleased, so long as they chose black. His successful competitor advertised "50 body styles and types in 500 color and upholstery combinations."

An old Marshall Field catalog advertised ladies' hose in three colors: the latest catalog lists fifty-seven colors. Our largest shoe manufacturer found himself at the close of the War with 4,000,000 pairs of heavy-soled shoes on hand and no buyers—a loss to him of $9,000,000. Heavy soles were out of style. And so were leather heels. Shifts in demand account for a large share of the maladjustment between production and consumption. The wrong kinds of goods are on the market. The consumer does not desire them.

Mass production is the key-note of modern business. In practice this means that production is constantly being cheapened. Furthermore, it means that production is being cheapened faster than distribution.

Mass production, with its use of power and machinery, has brought into being an entirely new set of economic conditions. Two men, working in a Kansas wheat field, with the harvester-thresher combine do the work of 200 men. This releases 198 men to engage in distribution, or "service" of some kind. And in our factories the use of "labor saving" machinery is even more striking.

Power production. Mass production. But alas, distribution remains largely personal—retailing entirely so. Hence production costs are going down while distribution costs are going up. The consumer is able to pay for the goods but he is not able to pay for their distribution. In 1850 we had one retail merchant for every 133 persons; in 1920, one for every 75 persons. Greater financial rewards are now paid to salesmen than to the producers of the goods.

Two brilliant young men, brothers, graduates of the same famous Engineering College at Cornell, secured jobs in their home town—one in production of high grade tools, one as salesman for these tools. One—the producer—was paid $7,500 a year; the other was paid $20,000 a year for selling the product. Evidently this is the day of the "buyer's market," when it is harder to sell than to produce.

"Mass production" methods unfortunately cannot be applied to retail distribution. Indeed, in many lines the small unit store is most economical, and increasing the volume of its sales actually increases the selling costs per unit of sales. This holds true for retail clothing stores, shoe stores, and other stores where the customer must be waited on with considerable attention by an individual salesperson.

Distribution therefore becomes relatively more costly as compared with production. The consumer cannot take all the goods because of the high cost of distribution. If and when this underconsumption leads to a glut, to a big surplus of unsold goods in several lines, the stage is set for a minor or major depression.

At this point in the discussion we may turn our attention to the problem of preventing or curing a depression.

There is no one cause and hence there is no one remedy for depression. Whatever have been the causes of depressions in the past, in this new stage of economic life new conditions and new factors govern. The remedy for a depression, or better yet, the prevention of a depression must be sought in a better adjustment of production to consumer-ability and consumer-desire to purchase. This

remedy, this better adjustment, is to be found in varying degrees in the six following steps:

1. Credit control by Federal Reserve Banks.—We now have an elastic currency—that which we never had before during any major depression. We have federated bank reserves, another thing which we lacked in all our major depressions. With these two economic weapons, wisely used, no depression can attain to the length or the severity of the depressions of 1819, 1837, 1873, and 1893.

Remedy for Economic Ills

BUT much more can be said for our Federal Reserve System as a "remedy." Business barometers in the way of business statistics, on a scale never even dreamed of twenty years ago, are now made available through the Federal Reserve System to all the business interests of the country. With a further perfecting of this business information service, with a wise use of the control of the discount rate and open market operations and the issue of currency, and with a little prompter change in the price of money, we can look upon our Federal Reserve System as our chief remedy for the business depression.

2. Trade associations.—If a business barometer is to reflect, quickly and accurately, the fluctuations in consumer demand—and such a barometer is indispensable—then we must have more trade associations. Their legal status must be free from doubt. Their power to collect and disseminate trade information must be frankly recognized and endorsed. The trade association is the second most important "remedy" for the business depression.

3. Simplification.—The over-diversification of manufactured products must give way to simplification. Secretary of Commerce Hoover has already launched a campaign among competing manufacturers, and has already achieved some notable reforms. Obviously the more diversified the product, the more complex and costly is its distribution. Simplification is the logical way out.

Thus one farm wagon company reduced the number of front and rear gears in its product from 254 to 16. One shoe manufacturer reduced his product from 2,500 styles in three grades to 100 styles in one grade, and thereby increased his business at lower cost to consumer. One leading canned goods maker reduced his pack from over 200 to 21 varieties, and increased his sales sevenfold.

4. Hand-to-mouth buying.—The wholesalers and retailers are more and more practising hand-to-mouth buying. They avoid overstocking. This throws an increased risk on the manufacturer, but assuming that the manufacturer belongs to a live trade association, he is better able to forecast and meet consumer demand than is the dealer. The manufacturer in turn shifts most of this risk back to the producer of the raw materials, or hedges himself on the organized exchange if there is an exchange trading in his commodity. Such exchanges now exist for grains, rice, cotton, sugar, coffee, cocoa, pork products, and rubber. The prospects are fair for the creation of exchanges for wool and coal.

5. Instalment buying.—Since a large part of the expansion in production comes from the use of credit, it is economically sound to have a certain amount of consumption financed also by credit. And that is exactly what instalment buying means. This form of buying has had a tremendous spurt during the last ten years.

When Congress passed the Farm Loan Act in 1916, the Federal Government thereby set up machinery for the buying of farm land on the instalment plan, the payments to run a possible 40 years, at a low rate of interest. More than a billion dollars worth of land has thus been bought on the instalment plan.

However, it is in the field of "consumption goods" where this form of buying has had its greatest growth. Now some $6,000,000,000 a year is thus invested, which is about 15 per cent of our retail trade.

It is estimated by Wilbur C. Plummer that 54 per cent of all instalment buying is for automobiles, and that without this instalment market the automobile sales would be only 35 per cent of their present volume. This instalment buying has contributed to mass production and hence lower prices of automobiles.

Counteracts Depressions

INSTALLMENT buying, used wisely, and within safe limits, is one preventive of business depression. The abuse of this form of credit—the use of too much of it or its use at the wrong time—would of course help cause a depression.

6. Sliding-scale wage rate.—We are informed by an able American economist that "deficiency in entrepreneur-profit is the essential cause of depressions," and, furthermore, that "chronic depression is the necessary result of an artificially elevated wage level." The same economist says that wages must be sensitive to supply and demand influences, and then profits automatically adjust themselves.

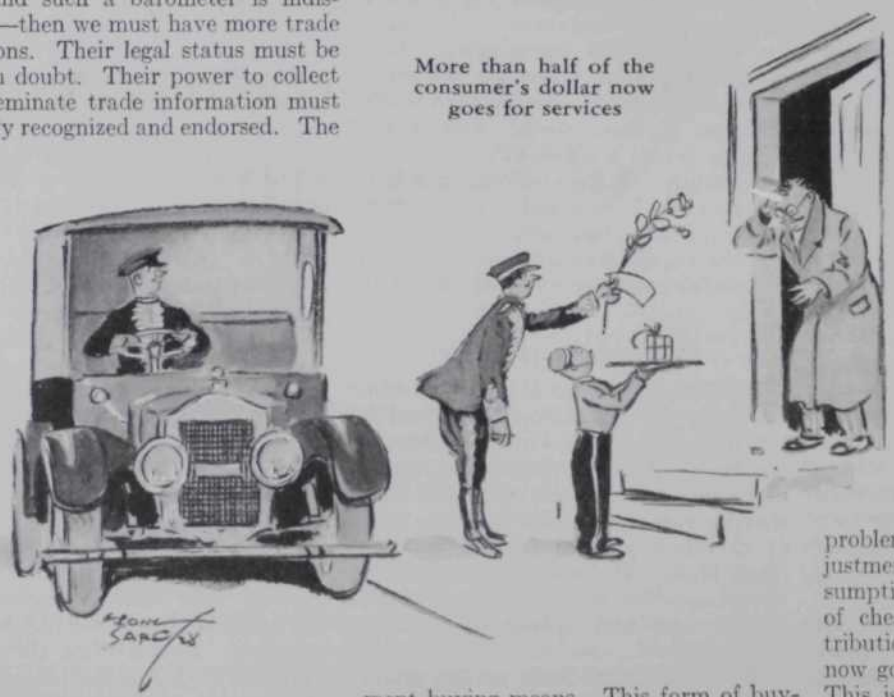
There is the germ of a big truth here. If wages are too high (as they sometimes are) a small group benefits at the expense of both the producer on the one side, and a large group of consumers on the other.

How high or how low should a wage be? The ideal wage should reflect accurately the market value of the worker's product. If the wage is a fixed wage, the manufacturers on one side and the farmers on the other are the shock absorbers, since they both sell on a sliding-scale market, reflecting supply and demand influences. Let the wage-earner absorb some of this shock. This is now done where the piecework principle is applied. Wages can be increased in one economically sound way only—by increasing the productivity of labor.

The problem of avoiding business depressions is the problem of preventing or curing maladjustments between production and consumption. We have passed into an era of cheaper production and dearer distribution. Most of the consumer's income now goes for services rather than goods. This is the major cause of our present maladjustments.

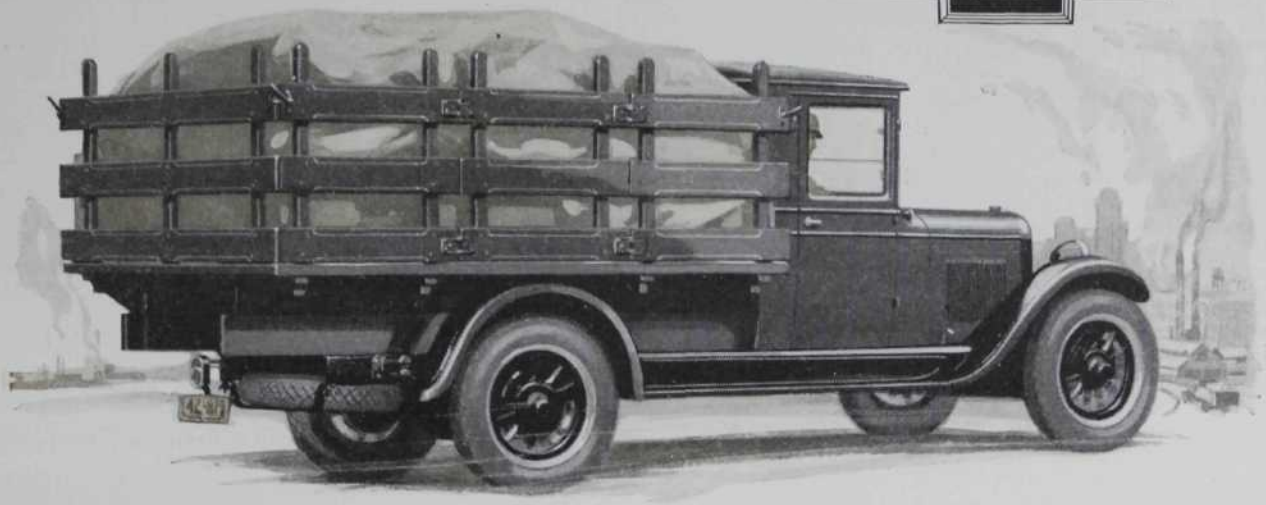
The general problem of preventing or curing these maladjustments breaks up into a number of specific problems. With the solving of these separate but related problems will come a simplification in production, improvements and economies in buying and selling methods, a nicer adjustment of wage rate to output, a more speedy and accurate adjustment of production to changing consumer demand, and, finally, a wiser and better control of credit for both production and consumption purposes.

More than half of the consumer's dollar now goes for services

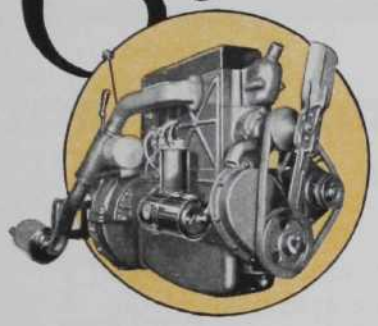


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A complete motor enclosure protects the exterior working parts against dust and dirt—adding to the motor's life and efficiency.

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Q U A L I T Y A T L O W C O S T

What Congress Is Doing

By FRED DEW. SHELTON

THE FIRST SESSION of the Seventieth Congress will have drifted somewhat listlessly to an end before or shortly after this issue of NATION'S BUSINESS appears. It would be futile, therefore, to speculate on questions the answers to which so soon will be known. Already, however, we can record some conclusions which are reasonably assured and give a partial report of this session's accomplishments.

Congress has expedited the annual appropriation bills and thus cleared its decks for an early adjournment. Appropriations as usual have been kept within the budget estimates despite determined efforts to secure public money for a variety of new purposes.

Friends of the budget system mourn the loss of Martin B. Madden, Chairman of the House Committee on Appropriations, who died at his post last April 27. More than any other man he was responsible for making the appropriations coat fit the cloth. Without him the national government's budget system, now soundly established, might have had a less successful experience. Without his vigilant leadership in guarding the nation's purse-strings and in testing the wisdom of all proposed expenditures there would not have been the opportunity for the degree of tax relief that has been given.

The temper of Congress seems to be to avoid unnecessary controversy and to pass over to the short session next winter many bills which proponents have hoped to get through this session. Some of these could be passed if brought to a vote but members of Congress have indicated a preference for postponing a vote until after the November election.

This has not been a favorable time, therefore, for passage of measures technical in their nature and far-reaching in their economic effects. The tendency has been to delay final enactment of several important proposals which have had years of study. A good number of important bills have advanced from the committee stage and await a vote in one or both branches of Congress.

The Tax Bill

After hearings the Senate Committee on Finance reported the revenue bill with amendments proposing a tax reduction of $203,000,000. The bill as passed by the House last December carried reductions totaling $289,000,000. The prospect is for a cut somewhere between those two figures. It will be a compromise measure.

Flood Control

Flood control legislation for the Mississippi is virtually accomplished. After extensive hearings, numerous conferences, and negotiations between Congressional leaders and the executive branch of the Government, a measure has been passed which recognizes the principle that this is a national problem and obligation and meets the hopes of citizens interested in that great problem.

Merchant Ships

With the recent passage by the House of the Jones-White merchant marine bill that problem was referred to a conference committee of the Senate and House. The House bill struck out the Senate provision to require unanimous consent of the Shipping Board on questions of ship sales. Other provisions were added which are calculated to promote private ship operations. Naval reserve pay for seamen was added. More liberal pay for ocean mail transportation was included. Also an increased fund was provided for loans for private ship construction to the extent of three-fourths of the value of ships built.

Authority for replacement of government ships, however, was retained in the bill apparently as a concession to government ownership advocates.

Ocean Bills of Lading

The Jones-White bill to provide for uniform ocean bills of lading along the lines of The Hague Rules has made no progress but is in a better position for future action than ever before.

Alien Property

To the credit of Congress is the passage of the so-called alien property bill whereby German private property in the amount of $250,000,000 will be returned to its owners. The act also provides for settlement of war claims of American citizens against Germany.



Martin B. Madden



William R. Wood

Martin B. Madden as Representative from Illinois and Chairman of the House Committee on Appropriations was one of the hardest workers in Congress and a mainstay of the budget.

Representative Wood of Indiana, who has been acting as Chairman of the Appropriations Committee since the death of Mr. Madden, has had wide experience in legal and legislative work that is helping him to carry on the good work of Mr. Madden

Radio Legislation

The life of the Federal Radio Commission has been prolonged to March 16, 1929, by the act recently approved by the President. The act amends the previous law so as to require more nearly equal distribution of broadcasting stations, wave lengths, and operating hours among the five geographical radio zones.

Postal Rates

Following passage of the Griest bill in the House the Senate promptly passed the bill with amendments affecting further reduction of rates. The outcome depends on the turn of events in the Senate and House and the possibilities of reaching an agreement in conference committee which will be acceptable to both branches of Congress and the President. It is doubtful if administration support can be secured for the lower rates provided in the Senate bill which restores the 1920 rates for second-class matter.

Cuban Parcel Post

The Watson bill to remove quantity restrictions on imports of cigars and cigarettes remains on the calendar of the House. Cuba refuses to negotiate a parcel post convention with America until Congress removes those restrictions.

Banking

The bill authorizing the designation of state banks which are Federal Reserve System members as government deposi-



This floor installed in 1913 for the Northwestern Terra Cotta Company, Chicago. Superintendent D. F. Albery reports:—

"The Masterbuilt floor laid in 1913 is practically perfect today. Prior to its installation we were compelled to replace ordinary concrete every six months or so. This means that depreciation on Metallic Hardned floors is a negligible item."



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FLOORS in your factory or warehouse carry the moving load of production. A rough, damaged floor wastes time with every delayed truckload, costs money for upkeep and increases overhead.

Masterbuilt Concrete Floors speed production with their smooth, hard surfaces and, from a maintenance viewpoint, cost far less over a period of years.

A new survey entitled "Plain Talk About Concrete Floors" sets forth what over 400 building owners have learned from experience with various types of concrete floors. Invaluable data is presented showing why and how Masterbuilt concrete floors last longest and cost least. Send for your copy.

Unretouched photograph of floor area in Northwestern Terra Cotta Company plant where the 14-year-old Masterbuilt Metallic Hardned floor and an ordinary concrete floor join. Although subject to equal wear, note relatively poor condition of the unhardened area — and practically perfect condition of the Masterbuilt Floor.

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HARDENED DUST-PROOF CONCRETE

taries has passed both houses. Toward the end of the sessions hearings were held on the Goodwin bill to permit states to tax national bank shares.

Various attempts to deal with Federal Reserve System policy continue. This Congress has not legislated on this subject but renewed efforts will be made in the future to give legislative direction to the Reserve Board in guiding public financial policies.

Senator Blease, of South Carolina, has made a persistent effort for a Senate investigation of Federal Land Bank affairs but his resolution for that purpose was rejected by the Committee on Banking and Currency.

Muscle Shoals

When the Senate passed the Norris Muscle Shoals resolution authorizing government production of power and fertilizer there was considerable apprehension on the part of those who dread competition from the Government in those businesses. The House Committee on Military Affairs went the Senate one better, however, when it reported a bill to create a government corporation and set it up with a capital of $10,000,000 to take over the Muscle Shoals plant and to go into the business of making and selling fertilizer.

Boulder Dam

Once again a filibuster in the Senate against the Boulder Dam bill has marked the closing days of Congress, with Arizona senators leading the opposition. Prolonged consideration of the revenue bill has played into the hands of those who want the Boulder Dam bill defeated.

Workmen's Compensation

After several years of controversy between opposing forces on the question of workmen's compensation insurance for the District of Columbia, substantial agreement has been reached on the Blaine-Underhill bill. This bill permits employers to insure in private companies. There is a chance for passage of the bill in this or the succeeding session.

Resale Price Maintenance

The Kelly resale price bill has just been reported to the House. The committee in reporting the bill frankly declares that "any legislation on this subject must be to a degree tentative and experimental." Passage of the bill is hardly expected.

Government Contractors

The Committee on Labor of the House has reported the Bacon bill prohibiting laborers or mechanics employed by contractors on government jobs from working more than eight hours a day. This probably will remain on the calendar for the next session. Contractors are opposing the bill as unnecessarily restrictive and on the grounds of increased cost of construction work.

Education

Agitation for the Curtis-Reed bill to create a federal department of education with a secretary in the President's Cabinet has been revived and hearings have been held by the House Committee on Education. The present bill eliminates federal subsidies to states and thereby gains some increased support. There is enough opposition, however, to prevent passage at this time.

TEAMWORK
for Prosperity

WITHIN the next two weeks each NATION'S BUSINESS subscriber will receive as an added dividend on his investment in this magazine, the Extra Edition of NATION'S BUSINESS, containing a report of the Sixteenth Annual Meeting of the Chamber of Commerce of the United States.

Three thousand business leaders from every section of the country met in Washington to discuss the problems facing American business and industry today. The Extra Edition tells the story of this meeting. It is the outstanding business document of the year.

Railways and Motor Buses

The railway consolidation bill, agreed upon by all interests vitally affected by it, will be carried over to the next meeting of Congress. A check by supporters of the measure revealed too small a margin of support to justify risking its adoption at this time.

Regulation of motor buses by the Federal Government also has been delayed. The Interstate Commerce Commission has recommended legislation of this nature if a satisfactory bill can be worked out.

Nicaraguan Canal

A step preliminary to construction of a canal through Nicaragua was taken recently when a resolution was reported in the Senate for an investigation and survey for the project. A similar resolution is pending in the House. There is a plan also for increasing the capacity of the Panama Canal.

Mississippi Barge Line

A new bill has been reported by the House Committee on Interstate and Foreign Commerce which would give the Secretary of War the power to extend the barge line of the Inland Waterways Corporation so as to serve tributary streams and to sell the line to private interests eventually. The corporation's capital would be increased from $5,000,000 to $15,000,000. Action on the bill probably will go over to the next session.

Chain Stores

Increased concern about the growth of chain store merchandising is reflected by the resolution sponsored by Senator Brookhart, of Iowa, which calls for an investigation of chain store systems by the Federal Trade Commission. This resolution has been adopted by the Senate.

World Court Revival

Introduction of the Gillett resolution in the Senate urging a resumption of negotiations looking to American adherence to the World Court has come to naught but has caused a flurry of hope in the breasts of citizens working for American adherence. Senator Borah, chairman of the Committee on Foreign Relations, has declared his belief that further moves by the Senate at this time in the direction of the World Court would be fruitless.

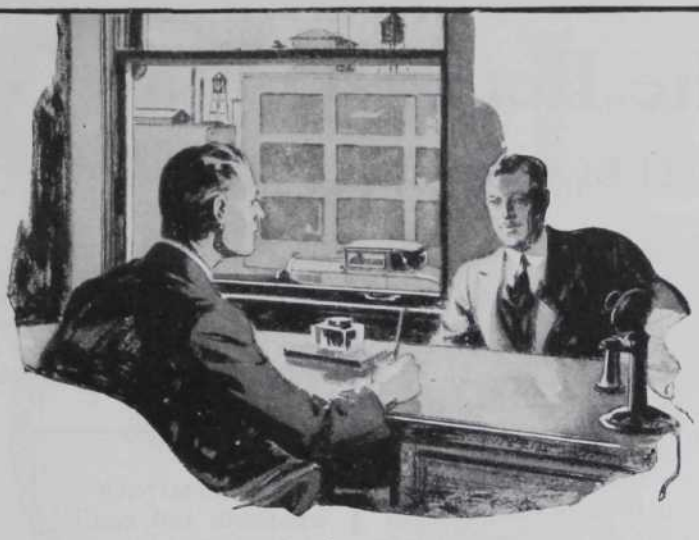
Grain and Cotton Futures

Business interests have been disturbed by revival of plans to prevent future trading in the cotton and grain exchanges. The Caraway bill for this purpose has been reported to the Senate. Despite the widespread sentiment in Congress for such legislation, no bill has been evolved which can command the necessary support to secure its adoption. That matter, therefore, will remain on the docket for another session. It has already been a subject of agitation for fifty years and another year's delay is surprising.

Rivers and Harbors

No comprehensive rivers and harbors bill has gone through in this session but Chairman Dempsey of the House Rivers and Harbors Committee has announced that a general bill will be brought forward for action in the next session. Already the committee has approved a plan for a 24-foot Great Lakes Waterway to cost $31,000,000.

"... and now hundreds of the nation's leading companies are operating *Pontiac Sixes*"



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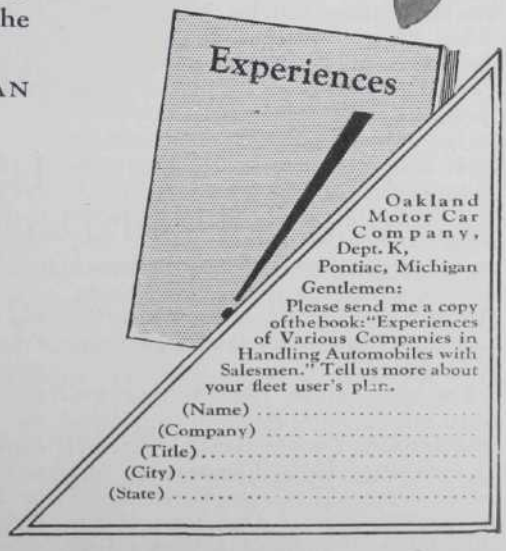
Month after month the list of Pontiac Sixes owned by large companies grows to new and more impressive lengths. One large company adds to a fleet which has already covered hundreds of thousands of miles. Another buys its first Pontiac Six and in a few weeks is operating many more. And now hundreds of the nation's leading companies are operating Pontiac Sixes.

But the significance of Pontiac's ever increasing popularity for business lies not so much in the number of cars that have been purchased as in the reasons for choosing this impressive General Motors Six.

Large companies base their purchases on facts and figures. And when hundreds of America's greatest companies place their stamp of approval on the Pontiac Six by selecting it for their salesmen, they offer undeniable evidence of the economy which the Pontiac Six provides.

OAKLAND MOTOR CAR COMPANY, PONTIAC, MICHIGAN

From some of the largest corporations in the world and from many smaller firms, letters have come in by the hundreds, asking for copies of the book, "Experiences of Various Companies in Handling Automobiles with Salesmen"... The book includes three general sections: "Who Buys the Car—the Company or the Salesmen?"; "How are Operating Expenses Handled?"; and "Developing a Plan of Operation"... If you are interested in this book, or in Oakland's plan for cooperating with fleet users to reduce sales cost, send in the coupon below.



OAKLAND PONTIAC

PRODUCTS OF *Sixes* GENERAL MOTORS



Where the Retail Dollar Goes

By WILLIAM BOYD CRAIG

HOW MUCH has climate to do with the cost of a woman's clothes? Why does Baltimore show a smaller expenditure for automobiles per person than Syracuse, yet a higher per capita item for gasoline? Why does one community have a grocery store for every two hundred persons, and another a store for every six hundred? In what sections of the country do radio sets sell best?

Why will one city show up as a billion-dollar wholesale district, and another of equal population make a much less imposing total? What makes a hardware store carry candy, a drug store handle diamond rings, or a grocery store sell hosiery? Why will tobacco be sold at forty tobacco stores in one city, and also be handled by thousands of other outlets, such as filling stations, candy shops and beauty parlors? How many of our million and a half retailers will be in business this time next year?

No one knows, exactly. Many will offer a sketchy guess at some of these questions, but no one knows enough about the various contributing causes to give final, conclusive answers to all of them. Let one begin to hunt the cause, and by the time he is satisfied with his result the conditions will have changed, and a new set of questions will be awaiting solution.

Distribution of goods is a shifting, ever-changing process. The circumstances attending any such questions do not remain static long enough to be read, in some cases, let alone answered.

Much has been said about the process of getting finished products to the man who buys them, but not much is known about why things take the course they do. The first basis for a solution lies in the Census of Distribution, lately completed for eleven cities.

The cities whose retail stature was taken are Fargo, Springfield, Ill.; Baltimore, Atlanta, Denver, Seattle, Syracuse, Chicago, Providence, Kansas City, and San Francisco. The Census Bureau, aided by the Chamber of Commerce of the United States, completed the work a short time ago, and the complete results are now available.

Some of the oddities of retailing brought out would amaze the old line professor of economics to whom a drug store was a place where drugs were sold, and candy was a commodity to seek only in candy shops.

Just as astounding would be the fact that 24 per cent of the total number of stores enumerated in the census do but 1.6 per cent of the business. More than 90,000 establishments were included, and of this number forty stores alone did nearly seventeen per cent of all the retail volume of the eleven cities!

> "THE PRELIMINARY wholesale and retail census amounts to more than just another set of statistics. It is a virgin field yet, awaiting exploitation. The successful prospector will find rich reward there, for between the pages lie valuable gems of fact."

Of all the 16,401 grocers listed, at least 4,507 are making very meagre profits. The business done by the smaller group came to $11,309,500, or $2,509 a year for the average. This means that each of these low-volume grocers is taking in less than a ten-dollar bill a day. How profitable can this customer be to the wholesaler or the manufacturer's salesman?

Profitless Groceries

EXAMINATION of a grocery doing a volume of less than five thousand a year discloses the fact that the net operating profit must be less than fifty cents a day at a generous estimate.

Of the whole list of grocers, 8,031 did less than $10,000, or less than $26 a day. Still the average merchant of this group does not look like a profitable customer for the wholesaler. In other words, half the grocers covered in the survey are scarcely worth the wholesaler's time or service, although they take in 13 per cent of the consumer's dollars spent for groceries.

Is it too much to say that they are being kept in business by the capital of manufacturers and wholesalers, and that capital could be better applied elsewhere?

The 4,513 chain store grocers averaged $44,628 a year per store, or more than $143 a day. Therein lies one unanswerable argument for the chains — they make money.

Average sales per chain store, for the census as a whole, are $85,762. Independents average but $37,743. Chain sales average $46,834 in Seattle, and jump to $114,432 in Chicago. Fargo chains do but 6.34 per cent of the total, whereas chain stores account for more than 37 per cent of the total sold at retail in the Chicago district.

In some classifications of sales by establishment, variations are great. Sales for hardware stores average $16,719 in Seattle, and $96,002 in Atlanta. Women's clothing stores do an average business of $55,287 in Baltimore, and $146,110 in Denver. Sporting goods averages by store range from $55,000 in Atlanta to $13,785 in Kansas City. The average Kansas City shoe store takes in $70,458 against $28,927 for Baltimore. Grocery and drug stores hold a fairly even average throughout the cities tested. Needless to say, such items are of vital importance to the man or firm thinking of locating a similar store in any of these cities.

The greatest sales per dollar of wages are found in Fargo, with $9.53; in Syracuse the figure is $9.02. The lowest figure is for San Francisco, with $7.44.

Department store inventories are high, as compared to sales, where sales are large, and lowest where the department stores do a smaller percentage of the business. The ratio of inventories to sales in radio stores is highest in Denver,

The New Burroughs Calculator



Weighs less than 7lbs.
Size 6¼x11¼ inches
Fits a desk drawer
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This new machine will be found invaluable for checking and proving sales slips and invoices, figuring inventories, mark-up, interest, discount and percentages; for pay roll extensions, checking freight bills, adding cashiers' stubs and many other uses.

It is built with the same care as Burroughs Calculators of larger capacity and is backed by Burroughs guaranty and world-wide service. At $80 it is priced so low that it should be found on every desk of every business large or small.

Ask your local Burroughs representative for a demonstration or write to

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where the sales per store are lowest; Baltimore has a low ratio of inventories to sales but average sales per store are higher than elsewhere. The difference between the department and the radio stores may lie in the fact that the latter type of store handles a commodity with some of the problems of stock turnover yet to be worked out.

Sales of house furnishings in Providence are larger proportionately than elsewhere, yet strangely the sales of office equipment and furniture is quite low.

Freaks of Distribution

TOBACCO products take a relatively large proportion of the retail dollar in San Francisco but sales of men's clothing are less there than elsewhere.

Both men's and women's clothing take a large share of the consumer's money in Chicago, but these high figures are balanced in that city by the rather small sale of electrical appliances and supplies, gasoline and oil.

Denver spends more for flowers, musical instruments and clothing than does either Syracuse or Baltimore. In Denver, you can buy shoes in a drug store; toilet articles are for sale in electrical shops, millinery, cigar, five-and-ten, department, grocery and women's wear stores. The largest portion of the retail dollar goes, here as elsewhere, for food products; clothing, automobiles and house furnishings come next.

Kansas City, Missouri, ideally situated as a distributing center, shows many interesting features. Of all the cities surveyed, Kansas City is the only one which spends more of the retail dollar for clothing than for food. Providence, Seattle, and Baltimore all spend more than thirty-one cents of the dollar that passes over the retail counter for food, but Kansas City shows only a fraction under twenty-two cents. Atlanta shows the smallest part of the dollar going for clothing—less than twenty cents.

In Atlanta more of the retail dollar goes for flowers than in any of the other cities. There the yearly sales of fruit and vegetables per store amounts to only half the average store sales for Seattle, but the average Atlanta hardware store, on the other hand, does six times as much business as the Seattle hardware store.

San Francisco shows the greatest portion of the retail dollar going for tobacco, of any of the eleven cities tested. Presumably men do the great majority of the smoking there, because the same city shows a low average expenditure for men's clothing.

The city is shown as a great distributing center for food. Wholesalers in groceries did a volume of three hundred and fifty million dollars, averaging nearly a million and a half for each establishment. The total wholesale business there amounts to nearly a billion and a half.

Of the 25,000 stores in San Francisco, thirteen butcher shops sell tobacco and six men's clothing stores sell musical instruments. Chains do nearly 30 per cent of the total retail trade. The division of the retail dollar there is: Food, 29 cents; clothing, 22 cents; automobiles and gasoline, 16 cents; furniture and house furnishings, 9 cents; building material and heating supplies, 5 cents; others, 19 cents. While the amount of money spent for furs to keep women warm is higher proportionately than in the other cities, the sums for coal and wood are much lower.

Twice as much is spent for the meals which San Francisco eats "out" at restaurants than in Baltimore, Atlanta or Providence. While wholesale grocery sales are large, retail delicatessen and grocery stores are lower than in other cities, as would be expected from the number of meals which are purchased already assembled at dining rooms and cafes. A bigger slice of the city's dollar goes for automobiles and gasoline than in the other cities.

Although much jewelry is manufactured in the vicinity of Providence, less of the consumer's dollar goes for gold and gems there than in any city tested except Atlanta. The average retail sales per capita of the Rhode Island city are high—$550. More than a fourth of the city's wholesale sales of more than $200,000,000 are for cotton goods and cotton yarn. Less is spent here in restaurants than in the others with the exception of Baltimore. Correspondingly, sales of groceries at retail are high. Here shops listed as cigar stores sell as many as twenty-nine commodities, ranging from hardware and paint to toys and gasoline. Chains do a little over a fifth of the retail business.

> **"Of the 16,401 grocers listed, half did a business of less than $26 a day. How profitable can such a customer be to the wholesaler or the manufacturer? Are they not keeping him in business with their capital, which might be used to much better advantage elsewhere?"**

The highest percentage is to be found in Atlanta, where nearly a third of the shopping is done at chains, and the lowest is Syracuse, whose figures show that fourteen per cent of the retail total is accounted for by the large groups.

The number of inhabitants for each Providence store is 91, higher than any other city of the tabulation. Syracuse has 80 individuals for each store. The others have less than 75 each. Wages for retail salespeople in Providence are relatively low. Generally speaking, population is a fair index of wages. The smaller cities pay less, and the larger ones more in proportion to the amount of business handled by the retail salesperson. That fact alone is worthy of detailed study by economists, possibly as a thesis.

Seattle's item of two and a half millions for hosiery means that women there spend more for their stockings than for millinery. Roughly, hosiery sales are higher in the West than in the Eastern cities. In various jewelry stores of Seattle may be found, as well as jewelry, cigars, ammunition, art goods and antiques, shoes, books, china, men's hats and caps, radio supplies, office equipment, toilet preparations, musical instruments, trunks and leather goods, dry goods and optical goods. Hardware stores handle 31 kinds of merchandise, drug stores 39, grocery stores 48, men's clothing 38, and dry goods shops 42. Tobacco sales are high in proportion. Sales of groceries dip low, while expenditures for meals rank second.

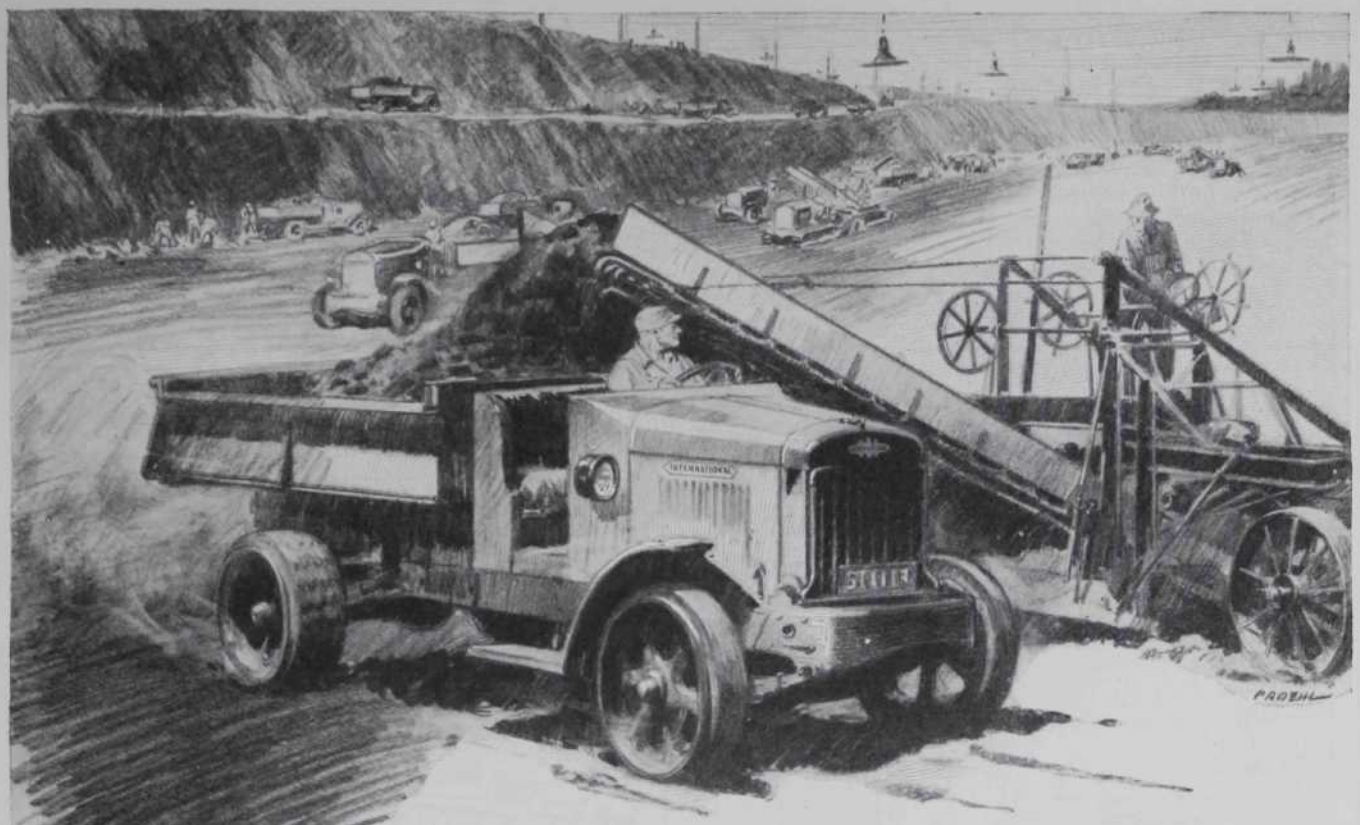
Kansas City also has some stimulating figures to offer. A family of that place is a comparatively large buyer of toilet articles, but spends little for ice cream, candy and musical instruments. Dairy products will rank higher in the family budget there than elsewhere, but general food purchases will be comparatively low. Coal and wood sales are surprisingly low, but furniture and house furnishings are high. Department stores do only six per cent of the total trade of the city, which contrasts with the sixteen per cent similar outlets do in Denver. In the wholesale field, employers paid out not quite four cents out of every dollar received in wages. Nearly twice that amount was paid out in Syracuse.

The Eating-Out Habit

ALTHOUGH sales of food products are lower in Denver than in Baltimore, the eating-out habit is stronger with the former. A business of over $10,000,000 is done in 381 Denver restaurants. More than twice as much fruit is consumed as in Baltimore or Syracuse, but Denver spends only half the monumental city's total for dairy products. More than nine thousand retail outlets average $40,000 each annually.

An interesting comparison between the wholesale activities of cities of Denver, Baltimore and Syracuse may be made. The largest volume in the western city is in livestock, with automobiles second, groceries third and hardware fourth. In Syracuse, coal, wood and ice comes first and groceries second. Baltimore has its largest wholesale trade in dry goods and notions, with hay, grain and feed second.

Ask a Kansas City dry goods retailer how he would like the opportunity to observe the working of a store doing a volume similar to his own, in Baltimore, San Francisco, Syracuse or Denver. Would he like to know how the efficiency of his employes measures up, compared with other standards? Would he like to know whether he is paying his employes more than others are paying theirs? Would he care to go into the matter of their average inventories, with an idea of checking his own therewith? Would he wel-



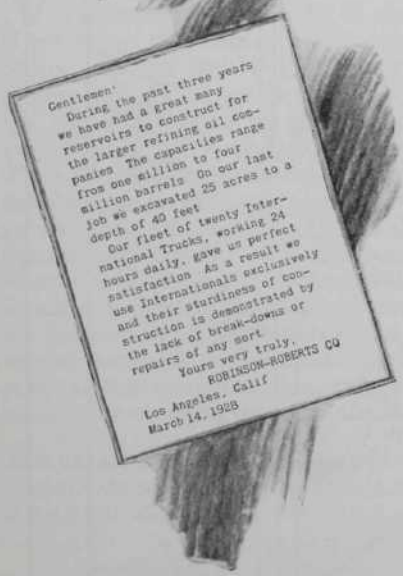
An Ocean of Oil

Big enough and deep enough to float six of Uncle Sam's biggest battle-ships, here is the world's largest oil reservoir.

At Lomita, California, Robinson-Roberts Co. built this reservoir for the Pan American Oil Co. They excavated twenty-five acres to a depth of forty feet in just forty days. And their fleet of twenty International Trucks was always on the job — no breakdowns, no repairs. Forty days and forty nights—twenty-four hours a day, without a hitch.

A remarkable test of endurance and dependability! But no more than had been expected. For Internationals were chosen by elimination tryouts on previous jobs. Mules were used at first, but these were slow and expensive. Trucks, one make after another, replaced the mules, and then Internationals replaced all other trucks. Robinson-Roberts now use Internationals exclusively.

Put International Trucks to work for you—at stiffer jobs than this if you can find any. The result will be the same—unequaled performance, low-cost hauling, minimum maintenance. There is an International branch or dealer near you.



Gentlemen:
During the past three years we have had a great many reservoirs to construct for the larger refining oil companies. The capacities range from one million to four million barrels. On our last job we excavated 25 acres to a depth of 40 feet. Our fleet of twenty International Trucks, working 24 hours daily, gave us perfect satisfaction. As a result we use Internationals exclusively and their sturdiness of construction is demonstrated by the lack of break-downs or repairs of any sort.
Yours very truly,
ROBINSON-ROBERTS CO
Los Angeles, Calif
March 14, 1928

The International line includes the Special Delivery for loads up to ¾-ton; 4 and 6-cylinder Speed Trucks of 1½, 1½ and 2-ton sizes; Heavy-Duty Trucks ranging from 2½-ton to 5-ton sizes; Motor Coaches, and McCormick-Deering Industrial Tractors. Sold and Serviced by 160 Company-owned Branches in the United States and Canada and dealers everywhere.

INTERNATIONAL HARVESTER COMPANY
OF AMERICA
606 So. Michigan Ave. (incorporated) Chicago, Ill.

INTERNATIONAL
HARVESTER
COMPANY
TRUCKS

When buying an International Truck *please mention Nation's Business to the dealer*

come the opportunity of learning the ratio of total volume of dry goods sold in these cities, to the volume done by department stores? Would he relish these and hundreds of other facts?

Ask him. The chances are that he would tell you that he would jump at the chance, for to hustling merchants it would be better than a vacation.

The preliminary wholesale and retail census amounts to more than just another set of statistics. It is a virgin field yet, waiting exploitation. The successful prospector will find rich reward there, for between the pages lie valuable gems of fact.

A complete report on the entire eleven-city census of distribution has been issued by the Domestic Distribution Department of the National Chamber. The total retail trade represented by these figures is more than $4,000,000,000 or more than one-tenth of what has been estimated as the total retail trade of the country.

Some of the most interesting figures are for sales by chain and independent stores in all kinds of business. There are also figures showing sales of independent stores in the various volume groups—showing, for example, that 40 of the 93,000 stores enumerated do 16½% of the total business and that 28% of all retail stores do only a little more than 1½% of the total business.

This report may be obtained for $1.50 from the Domestic Distribution Department of the United States Chamber of Commerce.—THE EDITOR.

LOOKING AND LAUGHING AT BUSINESS



Layin' Down on the Job



If the Farm Bill Goes Into Effect



Here Would Be a Popular Issue

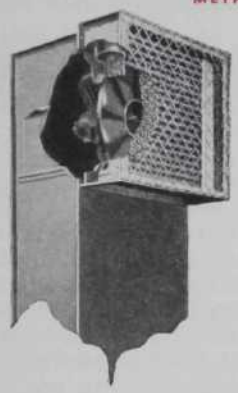


Just Who Is Monopolizing the Family Bed?

HOT CEILING AREAS AND COLD FLOORS don't belong in industry

HEAT WITH UNIT HEATERS

VENTURAFIN
TRADE MARK REGISTERED
METHOD OF UNIT HEATING



Venturafin consists of the following major parts: (1) copper fin heater—with 5 times the radiating efficiency of ordinary iron coils; (2) the famous American Blower Ventura fan (which forces the heated air out); and (3) air recirculating box.



VENTURAFIN units heat the air like any other heating system—by means of steam or hot water coils. If left alone, this heated air would rise and "pack" at the ceiling. But it isn't left alone. The Venturafin Method forces the heated air out into working areas and draws the cooler air from floor areas up into the recirculating box, whence it is heated and forced back into circulation. Thus Venturafin gives more even distribution of heat—enables you to heat up more quickly—directs heat where you want it and as much as you want. Venturafin Units occupy considerably less space and are much lighter in weight than ordinary heating equipment. They are made in sizes delivering from 450 to 8000 cubic feet of heated air per minute, and are particularly adaptable for heating stores, factories, warehouses, garages, shops and showrooms. For complete data, prices, etc., ask your heating contractor or write direct to the factory.

AMERICAN BLOWER CORPORATION, DETROIT, MICHIGAN
CANADIAN SIROCCO COMPANY, LIMITED, WINDSOR, ONT.
BRANCH OFFICES IN ALL PRINCIPAL CITIES

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American Blower

"Sirocco" TRADE MARK
VENTILATING, HEATING, AIR CONDITIONING, DRYING, MECHANICAL DRAFT
MANUFACTURERS OF ALL TYPES OF AIR HANDLING EQUIPMENT SINCE 1881

What Chance Has the Small Manufacturer?

By CHARLES W. HOYT

President, Charles W. Hoyt Company, Inc., N. Y.

CAN the small manufacturer make money in direct competition with a big competitor? Yes, says Mr. Hoyt if he will do these things: He must select one product, redesign it, give it personality. And then do what the big manufacturer cannot do—introduce unusual and intensive marketing methods

WHAT CHANCE has the little fellow? That question was probably heard in some form in Egypt and Rome and Mediaeval Italy. It is certainly being heard now. Instead of the two blades of grass where one grew before we have or think we have one company where two or ten grew before.

Yet somehow there seems to grow up a new crop for the one or the nine that have been displaced.

There are two or three roads it seems to me by which the small manufacturer travels to success. Sometimes it is a combination of the ability to manufacture plus the ability to market.

Small Companies, Special Lines

WE ARE apt to draw our picture of the electric industry in this country in terms of General Electric or Westinghouse, forgetting the great number of companies in special lines. As the Federal Trade Commission recently reported:

"The manufacture of electric power machinery and apparatus is carried on by a few large companies making a large number of electrical products and by many smaller companies specializing more or less closely on a small number of products."

Of one type of switchboard, 85 smaller companies were listed as against two or three large companies making them.

What is true of electric equipment is true of almost every other large industry. There are specialties, side lines if you prefer the phrase, which lend themselves to profitable manufacturing and marketing by the manufacturer of limited capital.

Whenever a great industry goes through its period of depression there are always certain manufacturers of limited lines which seem to be indifferent to bad weather. With all the much discussed troubles of the textile industry in the last few years consider the success of Cannon towels and Pequot sheets.

No industry is more associated in the public mind with bigness than that of meat packing. "The Big Five" jumps at once to the memory. Stockyards by acres, trains of special refrigerator cars, branch houses all over the world, these are factors which fix the public mind on the business of preserving and selling meat. But the small manufacturer with a specialty can and does make headway in that business.

In my opinion hardly a long line of products exists which cannot be successfully attacked by the man who will select one item out of a long line. He must redesign that item; he must make it somewhat better or somewhat more attractive, or give it something in the way of an original personality or distinctiveness. Then he can do what the big man cannot do, namely, he can introduce special and unusual marketing methods. A manufacturer who has a hundred products to sell, and who sells them through his sales force and by his advertising, cannot pick up one item and do with it what the manufacturer of one can do.

It is my opinion that it is possible to go into most any line and to duplicate the process, which has already been done at least fifty times by shrewd men.

So certain am I of this that I would almost be prepared to issue a challenge that I can attack almost any industry and if I have an executive who is going to give his business undivided attention he can successfully build up a business in direct competition with this great big competitor, provided he follows the approved methods of selecting and redesigning one product and of applying superior, different, intensive marketing methods.

Every packing house in the country has made pork sausage. Most of the big ones turn out tons of sausage daily. Yet the percentage of the output of any of the larger packers which pork sausage represents is as small as one per cent.

Jones Dairy Farm of Fort Atkinson, Wisconsin, began to make pork sausage some few years ago. To start with they gave a first-class sausage, but every packing house has the material and the ability to make an equally good sausage. Jones built a superior sausage and then marketed it in a way which none of the packers could duplicate. The packers cannot equal the scenery or background with which Jones surrounded this sausage. As a result this firm has built up a nation-wide and profitable business.

A little more than 15 years ago George D. Hoffman, now the president of the Hoffman Specialty Company, manufacturers of air valves, was employed as sales manager for a department of the American Radiator Company. He left their employ and decided to start in business for himself and to build a superior air valve for use at the end of the radiator. I have been told by those who have been connected with this industry that the sales of air valves by the American Radiator Company represented at that time, something less than one per cent of their total business.

When Mr. Hoffman reached his decision he designed a new, and he was convinced, a better valve, he submitted it to a patent attorney, obtained a patent and found a factory which was able and willing to make it for him.

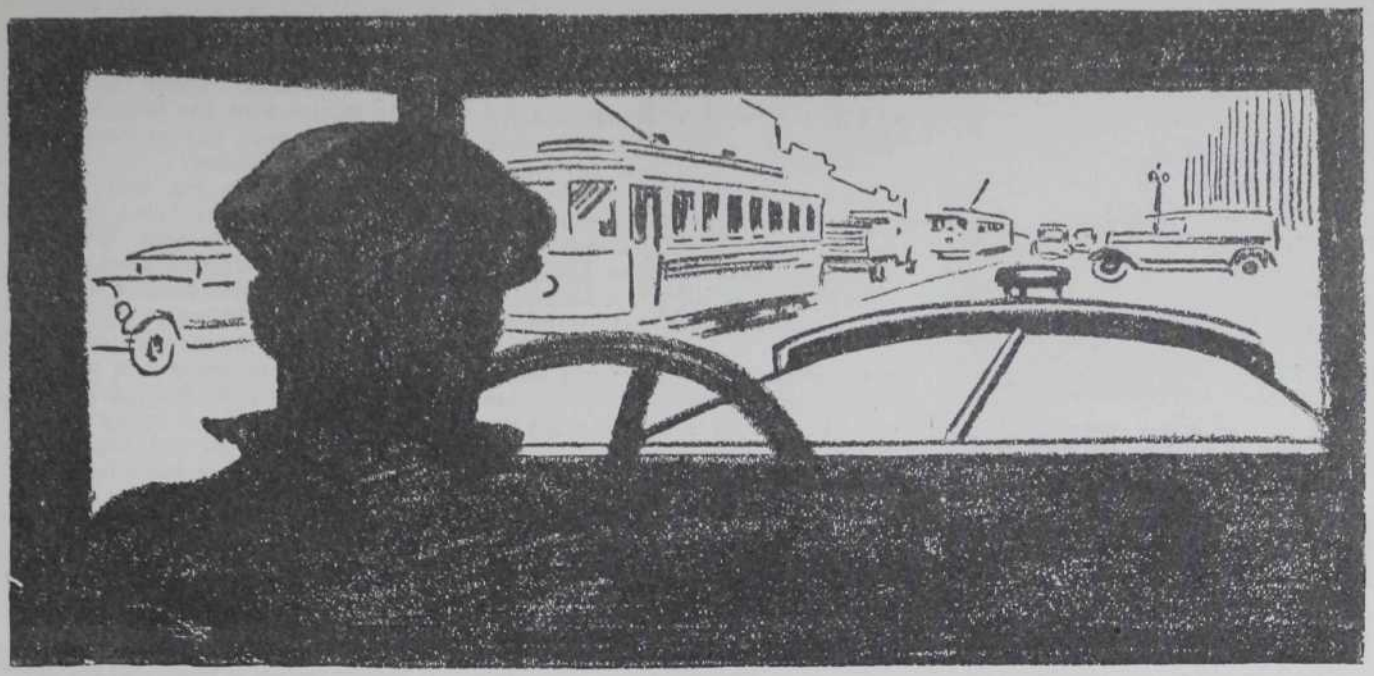
The first shipment of these valves was made on July 13, 1913. In the 15 years since this business, this making of one thing, has grown steadily.

Both Money and Pleasure

I HAVE no doubt that any other industry would yield its instances of this possibility of individual success based on small things and on skilful specialization either in making or in selling or in both.

It is easy to read of a giant company making what seems to be a complete line of everything in its industry and getting top heads on financial pages with news of its $20,000,000 profits and to say "Well, there's no place for the small manufacturer."

But there are dozens of companies controlled by one, two or three men who are earning as much money as the executives of the $20,000,000 corporation and who perhaps are getting a further dividend in their pride and pleasure in the company of which they are so large a part. That I think is the answer to the charge that the day of the small manufacturer is past.



Greater Mileage Output— Greater Customer Contact

Behind the steering wheel of a Reo Speed Wagon you'll learn a new story of commercial vehicle performance.

You'll learn what 6-cylinder acceleration and 4-wheel internal hydraulic brakes mean in speeding up hauling or delivering — in keeping up with today's traffic and today's competition.

You'll find the secret of Speed Wagon leadership translated in terms of more trips per day, wider areas covered—Greater Mileage Output. You will experience the big advantage that Speed Wagon ease of handling gives your drivers—the cab comfort that cuts down costly driver fatigue.

The most convincing argument for Speed Wagons is a Speed Wagon demonstration. Try one out today—start it, step on it, stop it, park it. Then you'll understand.

Powered with 6-cylinder Motors

REO MOTOR CAR COMPANY, *Lansing, Michigan*

SPEED WAGON

JUNIOR—Capacity ½ ton. Chassis $895.

TONNER—Capacity 1 ton. 123-inch wheelbase. Chassis $995; 138-inch wheelbase, Chassis $1075.

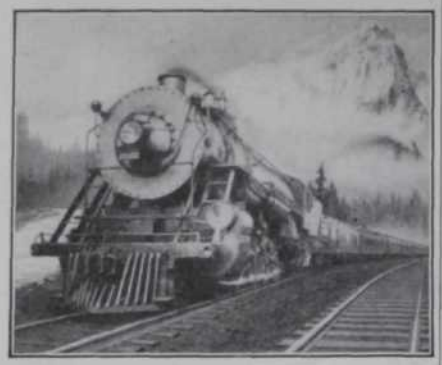
STANDARD—Capacity 1½ tons. 133-inch wheelbase, Chassis $1245; 148-inch wheelbase, Chassis $1345.

MASTER—Capacity 2 tons. 148-inch wheelbase, Chassis $1545; 164-inch wheelbase, Chassis $1645.

HEAVY DUTY—Capacity 3 tons. 159-in. wheelbase, Chassis $1985; 130-in. wheelbase (Dump) $1935.

SENIOR—Capacity 3 tons. 175-in. wheelbase, Chassis $2090.

GENERAL UTILITY—Capacity 1½ tons. 143-in. wheelbase, Chassis $1345.



World's Finest Trains Run to SEATTLE

(An acknowledgment by Seattle)

WHEN you travel to Seattle and the Pacific Northwest this summer you will ride on the finest trains in the world.

Seattle and her sister cities take pride not only in the excellence of the transcontinental railroads but in the part they played in transferring a wilderness into a highly productive region.

Fifty years ago Seattle was an isolated hamlet of a few thousand souls. Today it is the terminus of four great transcontinental lines—*Great Northern, Chicago, Milwaukee, St. Paul & Pacific, Northern Pacific and Union Pacific*—and has a population of approximately one-half million in its metropolitan area.

Seattle pays grateful tribute to the initiative, vision and courage of the railroads which have made possible the development of this city and the Pacific Northwest.

NEW CAPITAL REQUIRED

This growing region and rapidly expanding cities like Seattle need more trackage, terminals, rolling stock. It will take hundreds of millions of dollars for the railroads to finance these vital transportation requirements. The railroads should be allowed to make fair returns so they can borrow money for these essential purposes.

The lives of Seattle and the Pacific Northwest are so closely linked with the well-being of these railroads that we plead for a national realization that the railroads deserve fair and reasonable treatment from both public and law-makers.

The railroads serving Seattle and upbuilding this Pacific Northwest give you cheaper transportation than railroads in any other country. Each summer special reduced round trip excursion tickets are on sale daily. The low cost of this trip will surprise you.

Come out to the "Charmed Land" this summer—one of the finest railroad journeys in the world. You will be a better American because you will see a mighty new Empire in the making, the Zone of Plenty, the Storied Northwest.

Seattle

Metropolis of The Pacific Northwest

Write Room 105, Seattle Chamber of Commerce, Seattle, Washington, for FREE booklet describing Seattle and "The Charmed Land."

Wanted—A Yardstick for Advertising

(Continued from page 16)

tempting to influence the public to buy?

Innumerable claims have been made to the effect that national advertising stabilizes prices and has a tendency to lift goods out of direct competition. Our belief in this statement was one of the inducements that led us to advertise; but we soon found that it is subject to numerous modifications and exceptions.

In regard to prices, I cannot say that our advertising had a stabilizing effect. In many instances competitors cut below our prices, and the low price got the business.

Advertising Needs Analysis

THIS condition again brings up the subject of educating wholesalers and dealers; but I have not been able to find any reliable data whatever to guide an advertiser in deciding on the extent or kind of educational work that is necessary to make his advertising successful so far as competition and prices are concerned. Of course, we adopted the conventional promotion methods, and both wholesalers and retailers expressed the conventional interest in our advertising campaign. They gave us lots of verbal encouragement; but in innumerable cases they bought non-advertised, competitive products at lower prices, and recommended them to their customers.

If we could have foreseen results of this kind, we should have gone about the job of advertising differently, and no doubt with far better results. But we had no advertising yardstick then, and we have none now.

In my study of the relationship between advertising and prices, I have gone to other fields. Once, the prices of nationally advertised products were fairly stable, and I understand that the advertisers use every effort to keep them so. Their goods were sold on a basis of quality and established demand, and price was a secondary consideration. Now, however, I find that the tremendous recent growth of chain drug and grocery stores seems to have been made possible largely by reduced prices on nationally advertised goods.

Manufacturers of the goods, to an apparently growing extent, are competing on price. This is a radical change of policy, as I understand the situation, and I am interested to know how the change will affect advertising. Furthermore, in drugs and food the independent retailers are still in large majority, and they are showing a marked tendency to depreciate the value of advertized products in the public mind. They are selling non-advertised goods in direct competition with advertised products. And what effect, I ask, is this growing influence having on the persuasive power of national advertising.

To a considerable extent, the competition of the chain store is similar to that which the mail-order house furnishes to the retail dealer in our own line. Therefore, the relationship between the chains and the independents has some bearing on our own business, and on the advertising of our merchandise.

As I said, we do not even know whether our advertising failed or produced a profit. We do know that our business increased while we were advertising, but the ratio of increase was no greater than it was before we began the campaign. Furthermore, after our advertising started, we engaged in a more active selling effort, and just previous to that time we changed our selling policy and confined all of our distribution to wholesalers. We do not know how the increase should be credited. Our change of policy directly caused us to lose some orders, but we know that it was a factor in increasing our general business. Advertising was one of three influences, and we have no means of accurately estimating its comparative value.

If the contention is made that we did not spend enough money in advertising and did not advertise long enough, I in turn ask how much money we should have spent and how long we should have continued. And the replies, according to my experience, will be bewildering in their contradictory variety.

If you say that advertising is too complicated or too intangible to be subjected to accurate, scientific analysis, I reply that it is no more complicated than several other business factors about which we have learned a great deal in recent years, and I contend that advertising cannot afford to remain without the pale of thorough scientific study.

On Educational Work

THERE is no reason why advertised goods cannot be classified into groups that are subject to scientific examination, and why every variation and phase of the influence of advertising cannot be established for appraisal and study. I am convinced that the recorded facts and details of as few as 500 advertising campaigns would furnish a committee of unbiased, scientifically trained men with the means of making advertising a vastly more certain and beneficial aid to modern business.

While I have talked entirely about what we do not know about advertising I do not mean to imply that we have not learned something. There is a great deal that we do not know and cannot now determine, and many questions have occurred to us that I have not mentioned; but our experience has taught us much that is of value, and we are still experimenting. My company will be more than glad to contribute all of the facts and figures that we have accumulated to any impartial organization that will make good use of them.

Furthermore, we are willing to cooperate in every possible way to bring about a scientific inquiry to answer the many and important questions about advertising that cannot now be answered.

WHEN MISTAKES COST $1000 APIECE

—*it pays to have advisors like these to turn to*



A famous banker, an accountant, a specialist on advertising and selling—would you like to have them help you run your business? Thru the medium of the Institute Course, the experience of business leaders is at your disposal.

WHEN a $25 a week clerk makes a mistake it usually doesn't cost much. But when a $25,000 a year executive makes a mistake it's likely to cost a lot.

Suppose you are general manager of your company. A question on advertising comes up. You make a decision which later proves unwise. What does that unwise decision cost your company? Thousands of dollars in good-will!

The same applies to manufacturing and marketing problems—to investment problems—to sales problems. A small mistake is likely to cost thousands of dollars.

We have in our files many letters like this one from Mr. F. H. Haviland, who is now connected with the Equitable Life Insurance Society at Chicago. At the time he wrote it he was a partner in a dry goods jobbing concern in Chicago:

"Early in the year we were warned by your reports that the market would drop during the summer and, having read them very carefully, we decided to clean out our stock and be ready to restock after the prices had fallen. Business continued to be unusually good during the spring, so that we were persuaded against our better judgment to place orders for $48,000 worth of laces from Ansonia, Connecticut. Before these goods arrived in Chicago in July, their market value had fallen $16,000, *the cost of disregarding your advice.*"

Authoritative Business Counsel

If you could have in your own office a banker, an accountant and a specialist on advertising and selling—

If each one of them was a $100,000 man, willing to help you at any time in the advancement of your interests—

Wouldn't you feel safer in the soundness of your business judgments? Don't you think that opportunities might open up which now escape you, either because you do not see them or have not quite the courage and resources to take advantage of them?

Would you like to have such a corps of advisors if you could have them at a cost of a few cents a day? Naturally you would. Any business man would.

The man who gave us this thought is president of a successful corporation. In a bookcase in his office, almost at his elbow, are the volumes of the Institute Modern Business Course and Service.

"Men in my position," he said, "know very well that we need a course in executive training. But we should never dare to commit ourselves to a 'Course,' because we know that we simply cannot find the time to go thru with it.

"When I enrolled with you, I had no idea of finishing the reading or solving all the problems or taking all the lectures. I merely said to myself: 'These people have gathered together some of the smartest brains in business and in university teaching. They offer me those smart brains as my staff of business advisors, at a price that is just nothing at all. I'll take their advisors and keep them here beside me; even if I look to them for the answer to only one problem a month, I shall be making money."

"Forging Ahead in Business"

An illustrated book called "Forging Ahead in Business" tells all about the Institute Course and Service. It answers every question. It tells what the Institute has done for 300,000 men. It explains why 38,803 corporation presidents have taken the Course. It tells exactly what the Institute can do for busy men.

The book is interesting, inspiring. It is yours for the asking. Send for it.

Alexander Hamilton Institute

Executive Training for Business Men

ALEXANDER HAMILTON INSTITUTE
585 Astor Place New York City

Send me the new revised edition of "Forging Ahead in Business," which I may keep without charge.

Signature.....
Please write plainly

Business Address.....

Business Position.....

IN CANADA, *address the Alexander Hamilton Institute, Limited, C. P. R. Bldg., Toronto*

IN ENGLAND, *67 Great Russell St., London*
IN AUSTRALIA, *11c Castlereagh St., Sydney*

IN
GOLF..
everyone can
enjoy the best

In polo or in yachting —in fact, in almost every field of recreation, the very best equipment is so high priced, it is limited to the few.

▲

Golf is the one exception Good golfers need not be wealthy. The best possible equipment costs only a little more than the ordinary.

▲

For example, each year thousands upon thousands of golfers play the very highest priced the very best golf ball the imported Black Dunlop ($1.00)



THE $1
IMPORTED BLACK
DUNLOP

When writing please mention Nation's Business

The Race for the Guest

(Continued from page 18)

ize or when the premium on far-sighted, aggressive hotel management was so high.

Hotels are faced not merely with a situation where the available guest rooms outnumber the available guests, but there have been marked changes in eating habits which have complicated the hotel keeper's problem. There has been a tremendous increase in tea rooms, sandwich bars and cafeterias which have left unfilled many chairs in hotel cafes and dining rooms. To meet this competition, hotels have had to provide restaurants of a wider range in type and price.

To complicate the matter further, general business conditions, which have a definite influence upon the way hotels fill their guest and dining rooms, are marked with some uncertainty. Pullman passenger travel, for example—figures which hotel men watch carefully—has fallen steadily since 1926.

Rooms Must Be Filled

OF COURSE, types of hotels exist that do not have to operate at capacity to show a satisfactory return, but this is not true of the average large-city hotel catering to commercial travel. The values which such hotels offer—and the ability which they have to earn a satisfactory profit—are dependent upon their being filled reasonably near to capacity regularly. The problem which such hotels face is how to get a larger share of the going business in the face of the competition which usually results when there is overproduction and a consequent scramble for business.

The answers to that problem lie, I believe, in providing guests with extra comforts, large and small, and in rendering service of exceptional thoughtfulness.

Modern hotels are today very much on a par so far as the major features of building and equipment go. When we opened the first Statler hotel in Buffalo in 1907, a private bath with every room, for instance, created a real sensation; no other hotel had it. Today no hotel can pass as "modern" without a private bath with every guest room, and the progressive hotel keeper cannot rely upon that feature alone to fill his rooms.

Some of the "extra comforts" we are providing—no one of which alone would fill our hotels—are bed-head reading lamps, full-length mirror in every room, newspaper under every door, well-stocked library in every hotel and, more recently, radio reception in every guest room.

The effect which radio has had upon the degree to which guests use their rooms of an evening is noticeable. Heretofore, many in our houses who were alone and strangers in the city whiled away their time in the lobbies, the mezzanines, or the other public rooms. Now radio takes them upstairs, where they enjoy the evening as though they were at home.

During the week-end particularly, radio in the room brings real enjoyment to a hotel guest and it was because of the favorable influence which we believed it would exert on week-end business that we were finally led to put in radio. That the business of a hotel tends to fall off over the week-end may not be generally recognized, but is, of course, apparent when one remembers that much commercial travel can be, and is, planned so the traveler can be home over Sunday.

The other day, while looking over some papers written when the Inside Inn was being planned for the St. Louis World's Fair in 1904, I ran across a little memorandum which contained the germ of the service policy upon which we have since built our business.

Here is what I wrote in 1904:

"1. The policy of this House is to please;

"2. No guest shall be permitted to leave this House displeased;

"3. No employe is to be retained who cannot please."

The Inside Inn was built and operated with every penny I possessed plus several hundred thousands borrowed from associates and friends. It was located just inside the Exposition grounds. It contained 2,257 rooms, the greatest number ever put under one roof up to that time. Its success depended largely upon attendance at the World's Fair. It had to be planned, built and equipped for only one year of operation.

This crude code worked so well at the St. Louis Fair that when our later hotels were built it was evolved into a slogan, "The guest is always right."

Since our service theories are all based upon a determination to please the guest, we are meeting today's conditions by studying our guests, their tastes, their habits, and their desires more carefully than ever before. It is surprising how ready guests are to help a hotel improve its service and how fertile they are in good ideas.

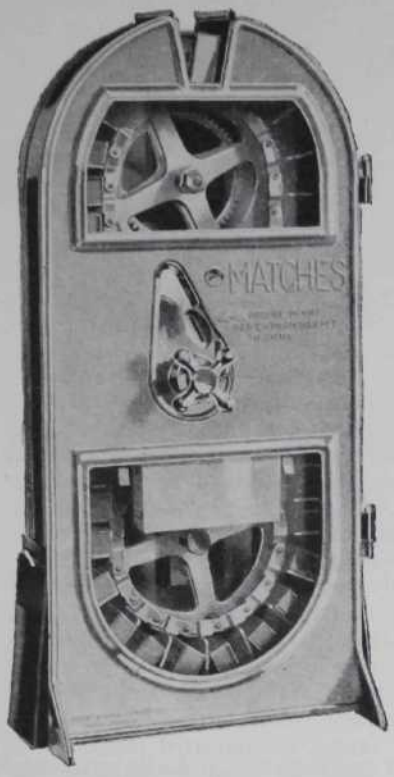
Seeking Customers' Ideas

TODAY we are making organized drives for suggestions from guests, in addition to keeping a standing invitation on the telephones in guest rooms in the form of a suggestion pad. Every two months 18,000 to 20,000 questionnaires are distributed in all hotels on which we ask the following questions:

"1. What improvements can be made in equipment or service to please you?

"2. Have you had recently, in this or any of our hotels, any experience that tended to make you less friendly to us or to our service? Please give details."

From our last distribution of this questionnaire we received 900 returns. These come in to Executive Offices, where they are first acknowledged by letter, and then all suggestions are tabulated. The greater bulk of the answers are wholly complimentary, but there are enough definite suggestions so that we always have a list before us for consideration. They range from trouser hangers for closet doors to pencils for telephone pads. In addition



Match Vending Machine
Used by
United Cigar Stores

Puritan Cup Vending Machine





Wrigley's Gum Vending Machine

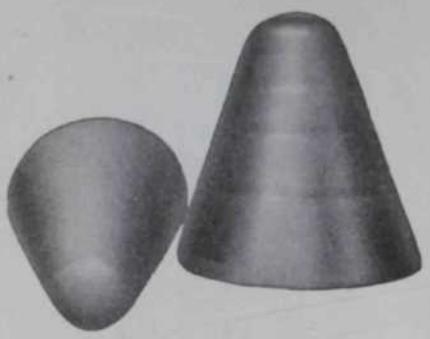
Consult DOEHLER on your Vending problems

REGARDLESS of the size or shape of your product, DOEHLER engineers will design and produce a tested and perfected Vending machine that will "sell" or "sample" your merchandise without trouble or interruption. There is more than twenty-five years experience in metal craftsmanship as a background to the DOEHLER Engineering Department that designed the vending machines shown—as well as many others equally famous. Confer with us.

DOEHLER
DIE CASTING CO.
Engineers & Producers of Vending Machines
386 Fourth Ave., New York
Brooklyn · Toledo · Batavia · Pottstown

THE WORLD'S LARGEST PRODUCERS OF DIE CASTINGS

When writing to Doehler Die Casting Co. *please mention Nation's Business*



Drawn or Stamped from Steel at a Saving

The cones illustrated above show how steel can be drawn cold to produce parts more economically and more accurately than by any other means.

The saving in this case was not only in first cost, but continued in subsequent operations because less machining was required, because uniform sizes and weights resulted and because breakage was eliminated.

The variety of shapes which can be stamped, pressed or drawn cold from steel or other metals is surprising and the savings are often even more surprising.

What part can we make for you at a saving?

The more fully you describe and explain your case, the easier it will be to give you helpful information.



The American Pulley Co.

PRESSED STEEL:
PULLEYS HANGERS HAND TRUCKS
MISCELLANEOUS STAMPINGS

4224 Wissahickon Ave. Philadelphia, Pa.

AMERICAN METAL STAMPINGS

to telling us how we can better our service, the questionnaire gives us a check on our houses, for we rank each house according to the compliments and complaints received.

But we can't rely on these responses to assure us that our service is satisfactory. We employ an outside independent organization to visit all hotels periodically, where its representatives register as guests. Our managers and employes know that such visitations are to be expected, but, of course, they don't know when they will come nor who the visitors will be.

Each "test guest" has a full list of questions to bring out every detail of service. He checks how long it takes to complete a telephone call, he makes reservations, he tries out bell boys, valets, maids, floor clerks, cashiers, porters and those in the dining rooms. All service reports are sent in to Executive Offices. It is required of every hotel to refer to my office copies of every complaint on service with the details concerning it.

Take such a matter as getting the people in one house to inquire if they can make reservations for guests going to another Statler City. We have for years drilled our organization to do this.

While we don't want our people pestering guests who are going to another city where we have a hotel, we every so often encounter instances where a guest will say to a floor clerk, or porter, or bell boy—"I'm going to Cleveland," and the employe will say, "Hope you have a nice trip," or something similar—and let it go at that. To insure an organization that won't overlook such opportunities is one of our first steps in meeting the new competitive situation.

To supply extra comforts, and to bring service to a point of such perfection that it will attract and hold guests regardless of competition, imposes, naturally, an extra burden on operating costs. This is a matter which cannot be contemplated lightly by hotels, for costs of operation have been crawling upward steadily over recent years.

The new hotel—and particularly the new hotel struggling to win a place in a community where there is an oversupply of room facilities—is particularly pinched by high overhead and rising operating costs. These cannot be passed on to the public, because high rates themselves reduce patronage. They cannot be cut, materially, without curtailing service, and this puts the hotel at a competitive disadvantage.

There is little a hotel can do to stimulate travel into any community beyond the normal volume already existing. A hotel cannot be converted profitably to other uses. All it can do while waiting for the community to grow up to it is lose money, and this it can do very fast. The result is tragic for the original investors.

How the Army Economizes

(*Continued from page* 41)

better to time our consolidated purchases. We find, however, that conditions are continually changing in various commodities and history alone cannot be used as a guide for future activity. We keep abreast of the changing economic conditions in the commodities by keeping in close contact with the Departments of Commerce and Agriculture.

Briefly, what happens is this: We advise the chiefs of commodity divisions in the Departments of Commerce and Agriculture what we expect to purchase and they in time advise us of the economic conditions and trends at work in these commodities which will probably affect prices. The office of the assistant secretary of war makes this information available to the chiefs of the supply branches, with suggestions as to the best time to buy.

By using the Departments of Commerce and Agriculture we are able to make available to our purchasing agents the most reliable statistics of production, stocks, demand, and also the advice of men who have made some one commodity their life work and who continually have their fingers on the pulse of this commodity.

Our new system of purchasing, in addition to making every dollar appropriated for national defense do its full duty, will have the effect of tending to stabilize business. The War Department's policy is to buy as heavily as possible when industry is depressed—a practice which will permit manufacturers to reduce their overhead and allow the Army to obtain supplies at reasonable prices. When business is brisk, we hope to extend our contracts over a considerable period so as to interfere as little as possible with the normal flow of regular business.

To be absolutely sure that our current procurement activities are on an efficient basis and form a sound foundation for expansion in case of emergency, we formed the War Department Business Council of recognized leaders of American industry.

The Council meets in Washington twice a year and its members go over the business methods employed by the supply branches, review their problems and make suggestions for improvement. With the aid of these gentlemen, the Army is able to keep in close step with industrial evolution and business progress; and the business men of the nation can be assured that there will be no lost motion in case of emergency.

The members of the War Department Business Council have given freely of their valuable time. They have left important posts at considerable sacrifice to their associates and to themselves that the nation might be better prepared.



Bring your Packaging Problems to us

The leading package goods manufacturers wrap their products on our machines

Are you seeking a better selling package? . . . lower costs? . . . Have you a product which has never been wrapped by machine?

Keen competition is causing many manufacturers to take a new look at their packages. We are helping them secure greater sales-appeal through the creation of more attractive packages—packages that have better display value, that are neater in appearance, that give better protection to the goods—*packages that sell!*

We are constantly being called upon by package goods manufacturers to assist them in lowering their costs. We have been able to achieve important savings in labor, material and floor space—resulting in thousands of dollars of extra profit annually. In many cases, it is only by these new economies in wrapping that some manufacturers have been able to maintain their products at popular selling prices. *New economies*—our wide experience will help you find them.

Have you a product which is being wrapped by hand? Bring it to us. It is very likely that among our wide variety of machines we can adapt one to your needs. The savings over hand-wrapping are large, even if your present output requires only part-time operation of a machine.

Why not write us, sending a sample of your product and describing your present method of wrapping? We can then tell you whether or not we can save you money or improve the appearance and selling quality of your package. Write to our nearest office.

PACKAGE MACHINERY COMPANY
Springfield, Massachusetts

NEW YORK: 30 Church Street

CHICAGO:
111 W. Washington St.

LONDON:
Windsor House,
Victoria Street

PACKAGE MACHINERY COMPANY

Over 100 Million Packages per day are wrapped on our Machines

Stop Yelling at Me!

By JOSEPH V. SMITH

Purchasing Agent, Sterling Lumber & Investment Co., Denver, Colorado

THE TIME is at hand when the long-winded salesman will have to find outlet for his wordiness in after-dinner speaking. We have become too busy to listen long; our time is too valuable.

In my 20 years of buying—at first for a trading store in eastern Colorado that dispensed everything from needles to threshing machines, and now for a business with some 30-odd branches—it has been my duty to listen to so many superfluous words that, placed end to end . . .

Many of them have been yelled at me. I am not deaf. I don't know why a man thinks he has to shout at me to sell me something. The most he accomplishes is to exasperate and distract me. I get to thinking of my erstwhile peaceful office and how all the people in the next room are being disturbed. I can't pay attention. I find myself restraining an impulse to yell back at him, "Stop yelling at me!" I don't know why I've never done it.

> **"THE salesman of the future is going to be a time-saver and a money-saver. He is going to use the telephone more. I prefer being called on the telephone. It saves my time, and I don't have to fight being "influenced." I recognize the salesman's progressiveness."**

One of my favorite salesmen is a man who has been selling for 15 years. He comes in here, gets right down to business, says what he has to say in the least possible time and in the quietest possible manner, and goes. He tells his story so sincerely that I am always convinced of his belief in his product.

High-Powered Selling

PART of the trouble with salesmanship, I believe, is that courses and lectures in salesmanship have stressed sales approach too much, given too much attention to the so-called psychological aspect. The *proposition* that the salesman has to offer is what interests the buyer, not his approach. Many courses scarcely mention selling merchandise. The general idea seems to be to sneak up to the buyer, pounce on him—and all is over.

Another thing, there are too many salesmen. They are tramping on each other's heels all over this land of ours. One finds them everywhere—even out in the country selling from farm to farm. I have heard farmers complain of time lost on account of the calls of multitudinous salesmen. In the cities, they are a positive pest to the housewife.

Among the too-numerous salesmen is the full-steam-ahead man. He is dangerous because he carries one away with his energy and enthusiasm. When his victim is calmed down to his right mind again, he often finds that he has ordered much that he does not need.

Long ago I built for myself a heavy armor of indifference to this type. The hotter he gets, the cooler I become. No matter what he sells me, no matter if he threatens me by telling me I won't be able to get it if I don't take it now, no matter if it is something I know I want, he can't make me buy it now.

If possible I sleep on it. At all events, I get a few hours by myself to consider the matter, uninfluenced except by my own common sense. I send that man away, tell him to telephone before he leaves town. Then I think it over reasonably. This method has saved thousands of dollars. Merchants who make a practice of doing this save themselves many a costly white elephant.

The salesman of the future is going to be a time-saver and a money-saver. He is going to use the telephone more. I prefer being called on the telephone. It saves my time, and I don't have to fight being "influenced." I will give a man an order over the telephone, in preference to the man who comes in to see me, as much because I am grateful to him for saving my time, as because I recognize his progressiveness in saving his own and his company's time.

That man has already educated me by coming to my office and in a quiet, quick, convincing way explaining his proposition. Then he has said to me, "I don't think it's necessary to come to see you every time. I will telephone you every now and then between visits." Every third time or so he comes in to be sure that everything is all right, to keep up his personal contact, and to put new propositions before me.

There are other types of selling by yelling which sooner or later must go the way of useless effort. One of these is the waste in national advertising. National advertising has its place, and a big one, but it is often overdone. National advertising should reach the intelligence of every layman, and when a company sees fit to advertise something that belongs to a specialized technical field in the great popular magazines, it is throwing money away.

The other day I saw a page advertisement in a national weekly about a technical tool, which could not possibly interest any but a certain mechanical group. Probably that firm was doing a good business and reaching all of this group through trade organs. Then some high-powered advertising man came along and told what could be done by national advertising.

Yelling It with Slogans

I HAVE a bone to pick with national slogans, too. The slogan "Say it with flowers" was all right, but to my mind it is one of the few that has ever had permanent effect. That started everybody doing it. Along came "Eat more sauerkraut"; "Four out of five"; "Not a cough in a carload"; "Make this country a better place to die in"—everything from halitosis to tombstones, from soap to climate, has had to have a slogan. They all have their effect for a while, but most of them have become empty phrases. I suppose we can become deaf, just from being yelled at too long and too often.

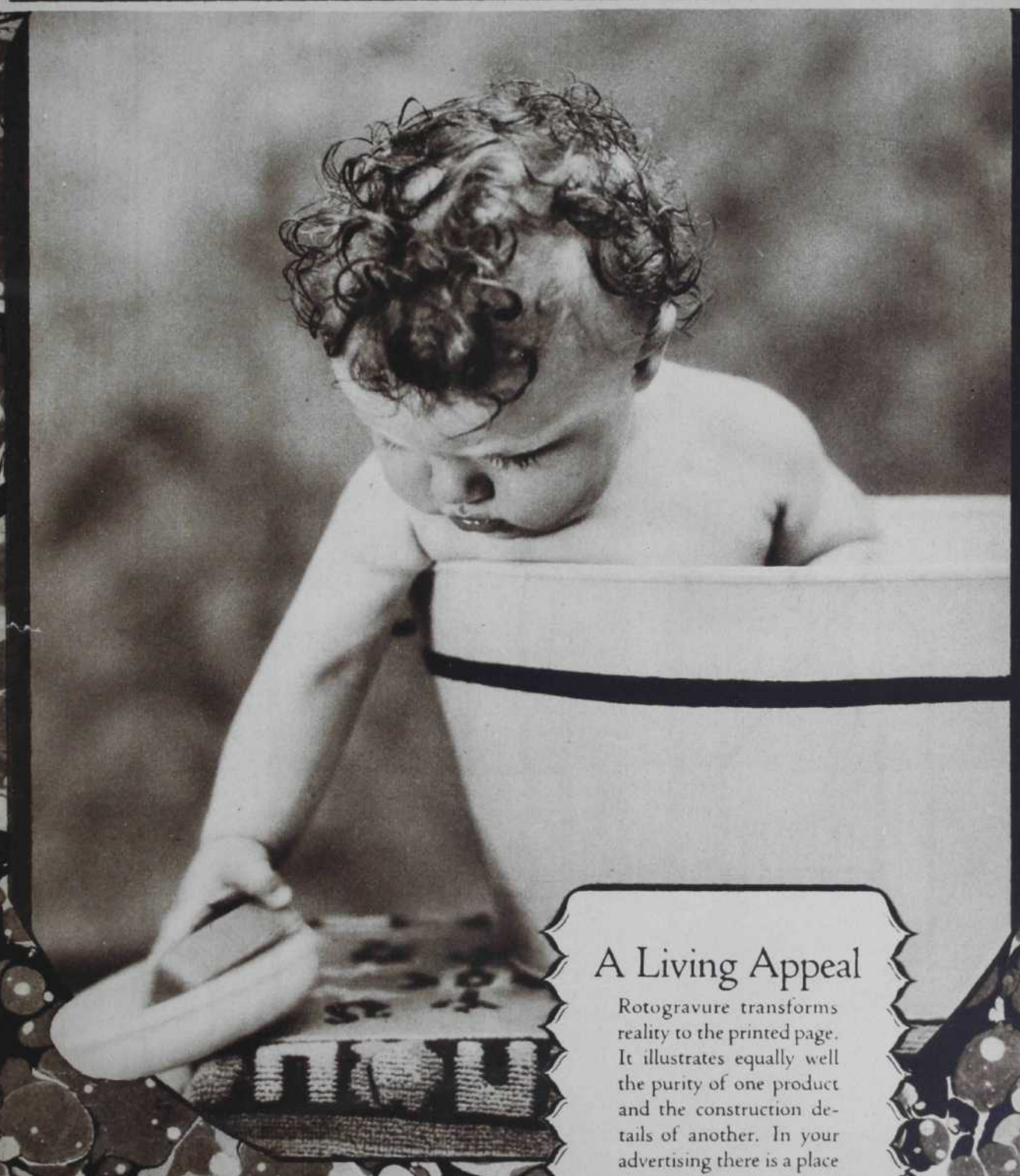
Less yelling in the direct-by-mail method would be another desirable reformation. I am sold on direct-by-mail advertising. I believe it to be the most effective form for many things and, no matter how busy I am, I give the "once-over" to every piece of such matter that comes to my desk—and I believe most business men are like me in this respect.

But what gets me hot all over is to have to monkey with fancy work—either the nauseating, slap-you-on-the-back, hello-brother kind, or the kind that comes in a sort of booklet. On the first page is a catch phrase that isn't quite finished. Then one has to turn over to see what comes next. That page doesn't finish it, and one must keep on turning and turning and turning, before finding out what the fellow is driving at. If there happens to be another letter on my desk dealing with the same subject on a single brief page without funny business, that one is going to get my real attention—and possibly my order.

All this can't last, because, fortunately, our "voices" will give out. Nor can we stand the upkeep of futile effort much longer. There is considerable talk about curtailing overproduction. One place to start is with selling methods.

ROTOGRAVURE

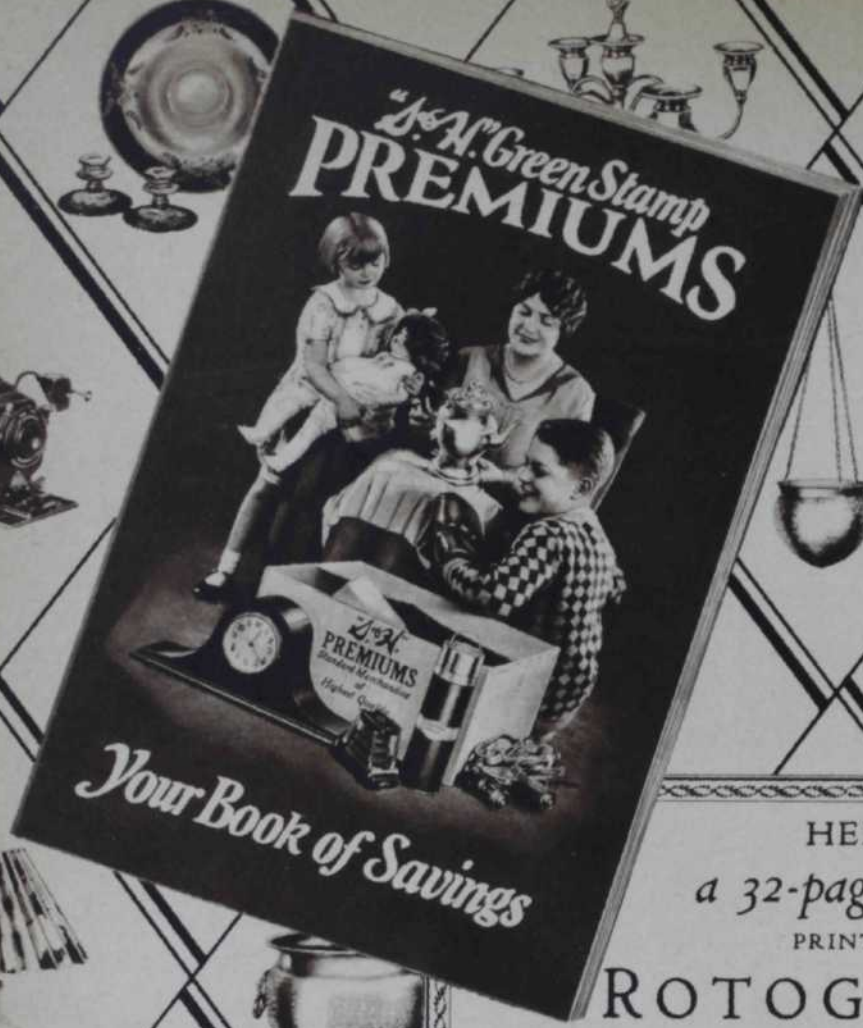
Prints *Perfect* Pictures—the Universal Language



A Living Appeal

Rotogravure transforms reality to the printed page. It illustrates equally well the purity of one product and the construction details of another. In your advertising there is a place that only rotogravure can fill.

Photograph by H. Armstrong Roberts



HERE'S

a 32-page Catalog

PRINTED BY

ROTOGRAVURE

The Sperry and Hutchinson Company prints its Green Stamp Premium Catalog on one of our rotogravure papers. About 700 items are illustrated in this current issue of 3½ million copies which required 182 tons of paper and will be distributed by approximately 27,000 retailers. Every illustration must have selling appeal and faithful detail at a low cost per copy. The paper, though light in weight, must be opaque. The surface, correctly receptive to printing inks, must be uniform throughout the long run. If you desire further information about this catalog—the name of the printer who produced it, or any other information—just write to us.

Kimberly-Clark Company's papers—Rotoplate, Primoplate, Hyloplate and Servoplate, in white and india tints—are used for perfect reproduction of pictorial subjects in seventy-seven North American newspaper rotogravure sections, in many magazines, and by advertisers for catalogs, booklets, broadsides and package enclosures.

Write us

Whether you are an advertiser or a publisher, we have an interesting—and we hope a helpful—story for you. Ask for our book, "The A B C of Rotogravure," and, if you have any printing and paper questions, put them squarely up to us.

Cover illustrations and background photographs by Creative Studios, Inc.

Kimberly-Clark Company

Established 1872

NEW YORK
51 Chambers Street

Neenah, Wis.

CHICAGO
208 S. La Salle Street

LOS ANGELES, 716 Sun Finance Building

The Banker Looks at Distribution

(*Continued from page* 35)

thought to the real reason for business—profits. The fellow that will hold the center of the stage during the next act is a little fellow whom many men have almost forgotten, or have overlooked. His name is Net.

The banker has, more than any other, the job of reminding the manufacturer or the distributor that the only thing in his business that he can brag about in point of size is his net profit. As O. H. Cheney has pointed out, the office which carries on its walls a chart showing the volume done ought to be spanked, figuratively, unless it carries a bigger chart showing net profits.

A little more than a year ago, a large candy manufacturer decided to do his own wholesaling in the New York area. He jumped into it completely, even to setting up an office, warehouse and sales force. Volume came slowly.

The firm took on other candy lines as an emergency measure, and found that the new establishment could be made to pay its way. Volume grew a little—for the additional lines, but for the company's own brands it slumped off. The firm found itself in the peculiar position of having set up a system of pushing competing lines to the exclusion of its own—a real paradox of business.

The solution was distribution service, and now volume and profits are both growing, because salesmen are not taking orders for rivals, and because the job of handling the candy and getting it to dealers, in any amount, is being done for the firm better than the firm could do it for itself.

The Banker's Viewpoint

WHY should a banker worry about problems of distribution? For one thing, he sees at close range the activities of all the units in the business picture—production of raw materials, manufacturing, distribution, retailing. Business must be good if the banker is to be happy.

He sees the retailer tearing his hair over hand-to-mouth buying, with its resulting loss of discounts for sizable orders and its thousands of new details, all expensive. The whalesaler is concerned about it, too, and blames it on the retailer. The manufacturer damns the wholesaler, and vainly wishes he could map out a decent production schedule. The wholesaler is caught between the devil and the deep blue sea, and won't admit the devil and the deep sea have problems of their own.

Hand-to-mouth buying really begins with that great god, the consumer. It begins there, but doesn't end there. The condition is not recent. It has stuck since the depression of 1921, and shows few signs of diminishing. Curiously, the most forward looking economists, who saw most clearly what the state of affairs would be today, were the pioneers setting up these distribution services.



New "Straight Line" Plant

NATIONAL CARBON COMPANY, Inc.

Fostoria, Ohio

This new industrial plant of the National Carbon Company, Inc., at Fostoria, Ohio, was designed and built complete by Stone & Webster, Inc. The arrangements of the following buildings insure a straight line flow from raw materials to finished products:

Calcine Milling Building
Milling and Mixing Building
Forcing Building
Furnace Building
Finishing Building

There is also a Sagger Building, Boiler Plant, Pump House, Machine Shop and Storage Building, Office Building, Employees' Service Building with the necessary service and maintenance facilities.

STONE & WEBSTER
INCORPORATED

OPERATE FINANCE BUILD

BOSTON, 49 Federal Street
NEW YORK, 120 Broadway
CHICAGO, First National Bank Bldg.
PITTSBURGH, Union Trust Bldg.
SAN FRANCISCO, Holbrook Bldg.
PHILADELPHIA, Real Estate Trust Bldg.

The Pollak Foundation Retorts

EDITOR NATION'S BUSINESS:

NATION'S BUSINESS presents what purports to be a gentle criticism of the economic theory of Foster and Catchings. "The new theory," says the Gentle Critic—William Feather—"holds that we should junk our automobiles every other year, have our hair cut twice a week, order twice as much as we can eat, and light a fresh cigar after the tenth puff. In this way everyone will be assured of full-time employment at high wages, and all will be happy and prosperous."

The Gentle Critic refers to his conversation with a young advertising man, in which the young man contended that wastes in distribution are a good thing. "For if we cut out the waste," he exclaimed, "think of the people who would be thrown out of jobs!"

Says the Gentle Critic: "I might have gone ahead with my argument against this contention, but I was halted by the recollection that Messrs. Foster and Catchings of the Pollak Foundation for Economic Research have taken violent exception to the old-fashioned economics. Having read 'Profits,' 'Business Without a Buyer,' and 'The Dilemma of Thrift,' I realized that the young man had authority on his side."

To me this was astounding information, for I, too, had read "Profits," "Business Without a Buyer and the Dilemma of Thrift." Indeed, I had also read "Money" and all the other writings of Foster and Catchings, including their latest book, "The Road to Plenty." And nowhere had I found any such views as the Gentle Critic ascribed to these writers. It seemed incredible to me that anyone, pretending to expound the views of other men, should ignore their main contentions, and confine himself to views which they had never expressed.

Not a single sentence can I find which could be made, even by gentle wrenching, to justify the Gentle Critic's interpretation. Nowhere do Foster and Catchings advocate waste. Nowhere do they advise the individual to save less and spend more. Nowhere do they maintain that either the individual or society would gain in the long run, if people consumed more than they wanted.

On the contrary, Foster and Catchings insist, over and over again, that "both corporations and individuals *must* save." ('Profits,' page 296.) The very first sentence of 'The Dilemma of Thrift' declares that thrift is "a virtue almost universally praised and practised, as, indeed, it ought to be."

Still further to safeguard their position against the very error which the Gentle Critic has made, the authors say repeatedly in "Business Without a Buyer:" "Consumers do not spend all, for they *must* save. Renouncing the ancient virtue of thrift is not a feasible way out of the dilemma." (Page 44.)

QUOTABLE QUOTES
of the Month

IF PRIVATE capital is invested in American ships, there is no question but that they will be more efficiently managed than if Government owned.

EDWARD N. HURLEY,
Former President, Emergency Fleet Corporation.

THE INDIVIDUALISTS and those who think they can be independent of their fellows are doomed to an early and sad awakening.

ORPHEUS C. SOOTS,
Manager, Washington State Chamber of Commerce.

PROSPERITY in the United States depends primarily upon the stability of private enterprise and upon the assurance that it shall be free from encroachment by government.

JOHN W. O'LEARY,
Former President, National Chamber.

IT REQUIRES a higher order of intelligence, a higher sense of social reponsibilty to be a citizen in modern society than it did to be a citizen in a primitive society.

GEORGE E. ROBERTS,
Vice President, National City Bank, N. Y.

The one passage in the entire writings of Foster and Catchings which—taken out of its context—comes the nearest to excusing the Gentle Critic for his error is this:

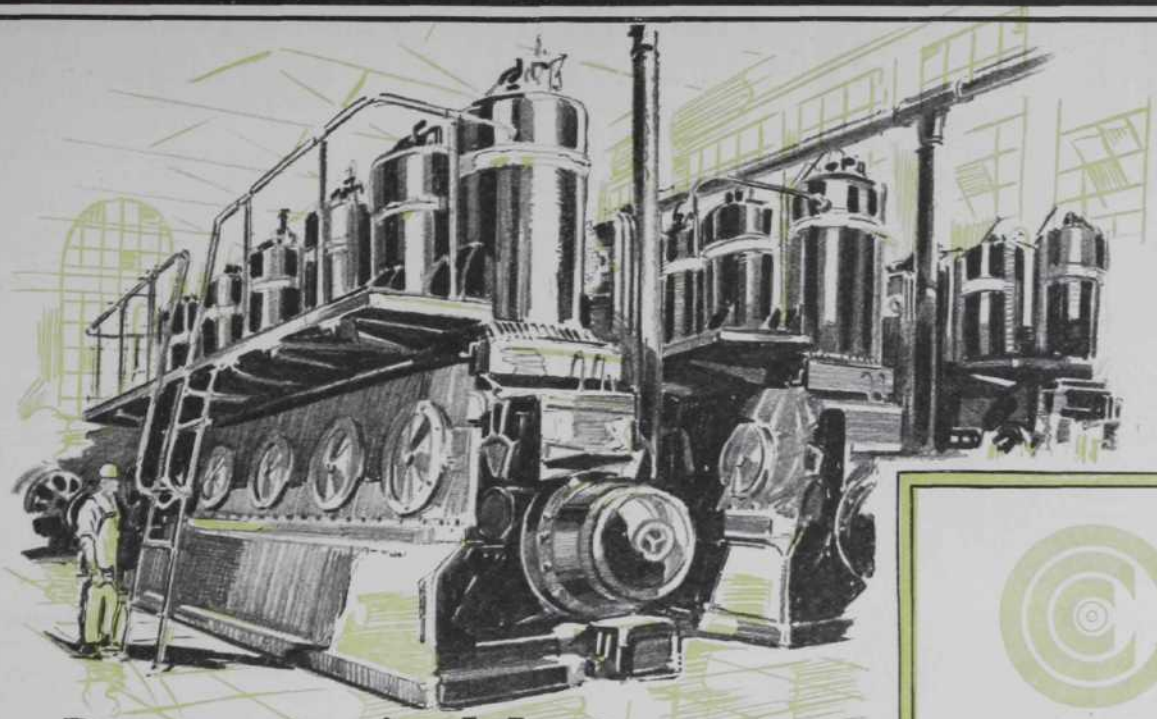
"The home, the church, and the school unite with the banker and the economist in glorifying thrift; the precepts of Poor Richard have become the maxims of the Nation. No teacher is orthodox who does not extol saving; and no political platform is complete without a pledge to reduce expenditures. Only the much maligned merchants fail to join in the indiscriminate praise of thrift. And thrift, as it is usually taught, merely means saving money instead of spending it.

"What are savings for individuals, however, are not necessarily savings for society. As our industrial order is set up, every man who saves money in certain ways saves it at the expense of somebody else. The dollars which he refrains from spending are real savings for him, provided inflation does not sap their purchasing power; but they are not savings for the community, if production is curtailed because these dollars are not spent in consumption. For the individual a penny saved is a penny earned, but for society a penny saved is sometimes a penny lost. When, for example, a man saves fifty dollars instead of spending it for a rug, the net result is likely to be that one rug is not produced which otherwise would be produced; so that the community, far from gaining by his thrift, has in effect lost one rug. Evidently, then, although society cannot long live beyond its income, society can suffer chronically from living below its income. The vice of individual overspending has always been condemned, and for the most part rightly condemned. It is time that we condemned the vice of social oversaving

"Both producers and consumers must save. Since, however, it is consumption and not abstinence that stimulates production, neither producers nor consumers are able to save without to some extent frustrating the social object of saving. This is what we have called the Dilemma of Thrift." ('Profits,' page 400-401.)

The method which Foster and Catchings advocate—their proposed way out the Dilemma of Thrift—is expounded in a new book, called "The Road to Plenty," issued by the Pollak Foundation, Newton, Massachusetts. Needless to say, their plan for sustaining prosperity is not based upon extravagance. Far from it. As a matter of fact, their plan requires *increased* savings. Even a casual reading of "The Road to Plenty," or any other book they have written, will show how grossly anyone misinterprets these writers, who says that they favor "waste in methods of distribution" and advise people to "order twice as much as they can eat." What Foster and Catchings have really done is to propose a simple, constructive, feasible program, which will make savings compatible with sustained progress. They have proposed constructive methods for enabling the country to *use* its savings. Thus they have shown how total savings may be steadily increased and progress thereby promoted.

H. B. BROUGHAM,
Executive Secretary, Pollak Foundation.



Progress is Movement —in the Right Direction

THERE is a difference as wide as the world between a scientifically devised instalment sales plan, suited both to competitive and credit conditions in your industry, and a haphazard system of time payments.

Plans expertly developed for the utmost merchandising stimulus consistent with security will outsell the hit-or-miss variety—with greater convenience and often lessened risk to the seller.

Many years' concentration on instalment merchandising methods has qualified us to produce the soundest plan for you.

Let us analyze your problem and submit a proposition.

COMMERCIAL CREDIT COMPANIES
Commercial Bankers

Cash Capital and Surplus $29,000,000

COMMERCIAL CREDIT COMPANY BALTIMORE
COMMERCIAL CREDIT CORPORATION NEW YORK
COMMERCIAL CREDIT TRUST CHICAGO
COMMERCIAL CREDIT COMPANY, INC. NEW ORLEANS
COMMERCIAL CREDIT COMPANY SAN FRANCISCO

NATIONAL HEADQUARTERS . . . BALTIMORE

To the maker of productive plant equipment

IF the terms you offer are *too short for the requirements of the current market*—

Or if you are making long terms, carrying the paper yourself, *and finding the strain on your bank lines and the detail work involved a great inconvenience*—

Commercial Credit service offers a quick and sound solution.

We are writing deferred payment contracts on such products as yours with terms to suit the buyer's needs.

We are taking over accumulated paper from manufacturers who have heretofore carried their own, collecting the instalments and absorbing all other detail.

We have well-matured plans for the financing of virtually every product that lends itself soundly to the instalment method of merchandising.

You will find our service both a stimulant of volume and an additional safeguard against credit losses.

We invite correspondence from every machinery and plant equipment manufacturer to whom either markets or cash is a troublesome problem today.

Wherever you are . . . Whatever you make, sell or buy . . . Investigate Commercial Credit Service



At your
Finger Tips
..Anchor Fencing Service

In principal cities—from coast to coast—over 75 Anchor Service Stations are "on the mark"—ready to meet your fencing requirements.

This nation-wide organization of trained fencing specialists insures personal, "on-the-job" attention to every fencing detail, from the taking of preliminary measurements to final erecting operations.

Anchor Fencing Service means convenience—satisfaction—economy.

A phone call, letter or wire to any Anchor District Service Station will immediately bring you our local representative or catalog—as desired.

ANCHOR POST FENCE CO.
Eastern Ave. & 35th St. Baltimore, Md.
Albany; Boston; Charlotte; Chicago; Cleveland; Detroit; Hartford; Houston; Indianapolis; Los Angeles; Mineola, L. I.; Newark; New York; Philadelphia; Pittsburgh; St. Louis; San Francisco; Shreveport. Sales Agents in other cities.

ANCHOR
Fences

Buy the fence with
1. THE STRONGEST POSTS
2. THE STRONGEST GATES
A NATION-WIDE FENCING SERVICE

The Machine That Creates Desire

(*Continued from page* 30)

the way from the so-called one-man agency rendering a personal type of intimate service to the larger organization whose members are numbered by the hundreds. Each fills its own place in the general scheme of agency work. The advertiser is able to choose just about any size that best fits his needs. But the person who starts out to describe the way an agency works must remember that he is covering a range of service as wide as the spread between the service of a brain specialist and the Presbyterian Hospital.

The third reason follows naturally. It would be almost impossible to describe the functions of an advertising agency in any way that would apply to all agencies. Inasmuch as almost all of them have been the result of evolution, starting with a small group of people, it is natural that the kind of work done by the founders of each agency should determine the way in which the rest of the organization develops.

Here we have one agency started by a former solicitor and a copy writer. Across the street is one in which an artist and a service man have collaborated.

Emphasis Misplaced

THESE are just a few reasons for the public's unfamiliarity with advertising agency work. But perhaps the outstanding instance of this kind is the way in which the examination of witnesses by the attorney for the Federal Trade Commission has laid such emphasis on the purely mechanical and clerical phases of advertising agency work, practically to the exclusion of the creative functions which occupy by far the greater part of an agency's time and reflect its real reason for existence.

Take one instance. The Commission has coined a phrase unfamiliar to advertising men. It speaks of engravings, electrotypes and mats and calls them "type parts." Of course, it is apparent that the frequent reference to these "type parts" is for the purpose of seeking to prove that advertising is interstate commerce.

It was said a moment ago that a vast amount of work goes before the actual making of an advertisement. Any agency man has verification of this when he lets his mind go back to the time when a good sized account came into his agency a year ago.

He remembers the negotiations that occurred before he obtained the account. Then the study that followed. The discussion in his own organization, the attempts to interpret the story in advertising. The plans written, discarded and revised and discussion over publications. Then the meetings where he finally submitted his findings to his customer. He thinks back to all of the talks he had with the advertiser and his associates. Then more meetings with the customer, probably more revisions of both copy and layouts and lists and marketing suggestions. Then ordering the art work, making the exact typographical specifications, and scaling art work down to its proper size.

And finally after all this time has passed and all of these steps have been successfully taken, one of the clerks in the agency's production department, by ordering an engraving in the name of the customer and as his agent, takes the first step that applies to "type parts."

Fifteen years ago the agency business was a very simple kind of work. For the most part, an agency's activities were limited to the choice of publications and the preparation of advertisements.

The American advertising agency today is in what might be termed the third stage of its development. For many years it was merely a broker of space, sometimes buying at wholesale and selling at retail, sometimes merely selling on a commission basis; that was the first stage. Then came the day when the agency realized that it must be able to create the material intended to fill the space; that was the second stage. Today it is in the third stage in which it is not content merely to write and illustrate the advertiser's messages to the public. The agency today is the advertiser's partner. It offers him the viewpoint of the thoughtful, interested outsider, trained in technique and experienced in the fundamentals that underlie all business.

It may be well merely to summarize very quickly the six ways in which the agency goes about its business.

First, it is the business of an advertising agency to study the product itself.

Second, it is the business of an advertising agency to study the market of the product.

Third, it is the business of an advertising agency to assemble all the facts gathered in these inquiries and in a study of the manufacturer's own organization and in all available printed information and to formulate an advertising program.

Fourth, it is the agency's business to know best how to prepare these messages in words and pictures and how to combine them through the skillful use of type and the engraver's art.

Fifth, from hundreds of magazines, from thousands of newspapers, the agency must be able to select those which reach the greatest number of possible purchasers at the lowest cost to the advertiser.

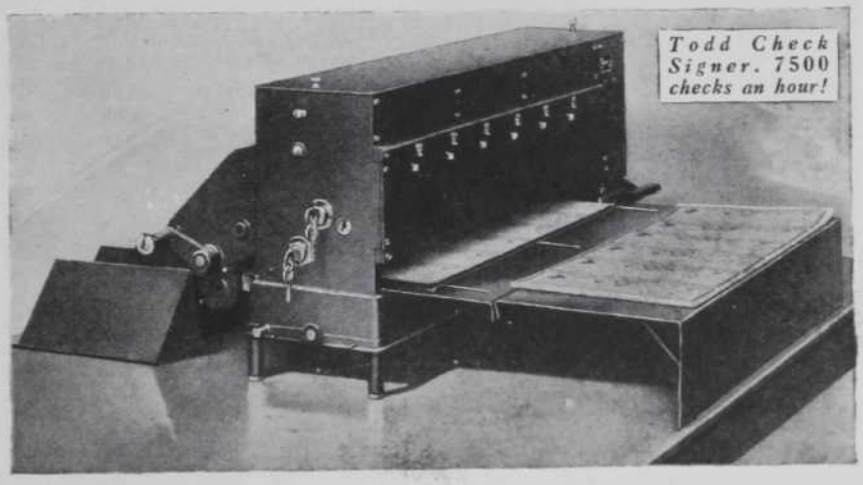
An Agent for Advertiser

FINALLY, it is the business of the agency to make contracts with sellers of advertising service and facilities and materials in behalf of the advertiser.

But even though every agency today renders a service which falls within this outline, no two agencies work in exactly the same way. Nor do they have the same experiences. Nor do they approach a problem with the same method. Nor do they get the same results.

'Relieves our executives . . .
greater protection . . .
greater speed . . .
a monetary saving."

The Boston *and* Maine Railroad *about the* Todd Check Signer



SUCH endorsements as that of the Boston and Maine Railroad follow the installation and use of the Todd Check Signer everywhere. This remarkable machine releases business executives from the old method of signing checks by hand.

The Todd Check Signer takes checks in sheets of four, five or six, puts on them a reproduction of genuine signature and a photograph (or other symbol) and has them ready for distribution at the astonishing rate of 7500 to 9000 an hour! The signature is more nearly non-counterfeitable than any other known method of signing. The machine, double-locked, requires the presence of the operator and an executive in order to be opened. The executive merely supervises the operation of the machine.

A meter registers every check issued. Here is the safest, fastest known method of signing checks—a modern method—a method in keeping with present-day business ideals of speed and economy.

A Todd representative will tell you of the remarkable records of the Todd Check Signer and of the endorsements that have been given it by such users as the Boston and Maine Railroad, the Guaranty Trust Company of New York, the cities of Toledo and Detroit, H. M. Byllesby and Company, of Chicago, the Reo Motor Company, the Rochester Telephone Company, and many others. Get in touch with him at the nearest Todd office or write to us. The Todd Company, *Protectograph Division.* (Est. 1899.) Rochester, N. Y. *Sole makers of the Protectograph, Super-Safety Checks and Todd Greenbac Checks.*

Todd Trade Mark

TODD SYSTEM OF CHECK PROTECTION

THE TODD COMPANY 6-28
Protectograph Division
1130 University Ave., Rochester, N. Y.
Please send me further information about the
☐ Todd Check Signer
☐ Super-Speed Protectograph
Name_____
Business_____
Address_____

Sheet Metal That Lasts!

You are interested in better sheet metal work. Actual time and weather have proved that KEYSTONE Rust-resisting Copper Steel (alloyed with copper) lasts longest for Black and Galvanized Sheets, and Roofing Tin Plates.



Apollo
Galvanized
ROOFING
and Siding Products

APOLLO Galvanized Sheets—the leading brand since 1884—are made right in every detail, with a good galvanized coating properly applied.

APOLLO-KEYSTONE Galvanized Sheets possess all the excellent qualities of the Apollo brand, but with the added feature of a Keystone rust-resisting copper steel base. These sheets last longest and are the highest quality sheets manufactured for roofing and siding, gutters, spouting, and general construction uses.



For tin roofs for residences and public buildings, use Keystone Copper Steel Roofing Tin Plates; clean, fireproof, durable and satisfactory.

This Company is the oldest and largest manufacturer of a complete line of Black and Galvanized Sheets, Full Finished Sheets, Automobile Sheets, and Special Sheets for all known uses; also Tin and Terne Plates adapted to every requirement. Sold by leading metal merchants. Write for copies of "Better Buildings" and "Anti-corrosive Metal" booklets; of special value to industrial interests.

AMERICAN SHEET AND TIN PLATE COMPANY
General Offices: Frick Building, Pittsburgh, Pa.

AMERICAN
SHEET
STEEL

Products of QUALITY and Service!

What of the Worn-out Worker?

(*Continued from page* 19)

performing their former jobs with decreased efficiency, sometimes shoved off into easy berths where little or no work is expected of them; often slowing down the pace of production and retarding the promotion of younger and more active workers, nearly always adding to accident and sickness hazards. Many an employer who thinks that he has no pension costs at all is really spending in an inflated pay roll, in the extravagance of lowered efficiency and in the waste due to increased accidents, far more than the cost of a moderate pension plan.

Probably this statement cannot be proved. There are too many intangibles and unknown quantities to permit a mathematical demonstration. But it is significant that some companies have checked up their pension plans by finding out the disposition of the work done by pensioners just before retirement and have found out that in many cases the work either did not have to be done at all or could be assumed by other employes in addition to their regular duties.

To the extent that this condition prevails, a pension actually saves the employer the difference between the retirement allowance and the full pay of the aged employes.

But this does not tell the whole story. Particularly in the case of supervisory employes, retention of a man on the active pay roll beyond the time when his services are profitable not only wastes a part of the compensation which he receives but prevents the promotion of his younger and more active subordinates, and thus lowers efficiency, stifles ambition and drives men of ability out of the service of the company.

It is realization of these considerations more than anything else that is inducing an increasing number of American employers to adopt pension plans. These employers are coming more and more to look upon their pension disbursements as legitimate business expenditures for which they expect to receive definite returns in efficiency and economy of operation.

Improves Company Morale

IT IS true that they also expect their pension plans to fit into their general personnel programs and aid in improving contentment and morale; they also may be influenced to some degree by a desire to provide additional reward over and above current wages to the employe who gives the best of his life to the business, but most powerful of all is the motive of purging the pay roll of aged and inefficient employes by methods consistent with public opinion and with enlightened business ethics. In this motive likewise lies the soundest justification for the industrial pension from the point of view of the stockholder looking for profits upon his investment.

Here it needs to be conceded that recognition of an obligation to aged employes, whether this obligation be met through a pension plan or by keeping superannuated workers on the active pay roll, places a company that has been long in operation at a disadvantage in competition with the new arrival in the field which has a force of young workers with few or none approaching the age of actual or virtual retirement. This disadvantage, however, should be looked upon as one of the conditions incidental to doing business.

Surely the older company, with its experienced management and with its established markets, has compensating advantages which ought to give it an equal chance in spite of its obligation toward its veterans.

Pensions More Common

INFLUENCED more or less consciously by the considerations of efficiency and economy which have here been outlined, employers have adopted pensions in steadily increasing numbers. Of the 350 or more private pension plans in the United States, only a handful antedate the opening of the century, while the vast majority have been adopted since about 1910. Very few companies have pension histories of more than a score of years.

Most of the pension plans in industrial and transportation companies are noncontributory; that is, the employer pays all the expense. Contributory plans, in which the cost is divided between employer and employes, have been popular with banks and other financial institutions and in very recent years there have been indications that they were growing in favor in industry.

Pensions adopted since 1920 show a larger ratio of contributory plans than do those of earlier dates. Whether this means that a distinct trend toward contributory pensions has set in, it is yet too soon to say.

The usual pension plan provides for retirement annuities based upon earnings and length of service. For example, the annual allowance may be the equivalent of 1% (1% and 2% representing the minimum and maximum limits in nearly all non-contributory plans) of the average wage or salary during the last five or ten years of service, multiplied by the number of years during which the employe worked. Thus under a 1% pension, an employe whose average annual earnings were $2,000 and who had 30 years of service would receive an allowance of 1% of $2,000 or $20, multiplied by 30, or $600 a year. Pensions under the majority of industrial plans are computed by some such simple formula.

The greater number of pension plans, including probably almost 100 per cent of those that are more than five years old, were put into effect without any systematic attempt to predict their ultimate cost. Initial disbursements usually were negligible. Average pension payments even today are probably less than 1 per cent of

the active pay rolls of the companies concerned. But employers were not allowed long to rest in the complacent delusion that pensions were inexpensive. Voices soon were raised in persistent and troublesome warnings.

The voices were those of actuaries, who marshaled battalions of figures to show that pension payments would rise for at least 40 or 50 years and that at the peak they would equal not one but several per cent of active pay rolls. Pension plans, they asserted, if not buttressed by insurance, by huge reserve funds, or by annual amortization out of all proportion to initial payments, were potentially insolvent.

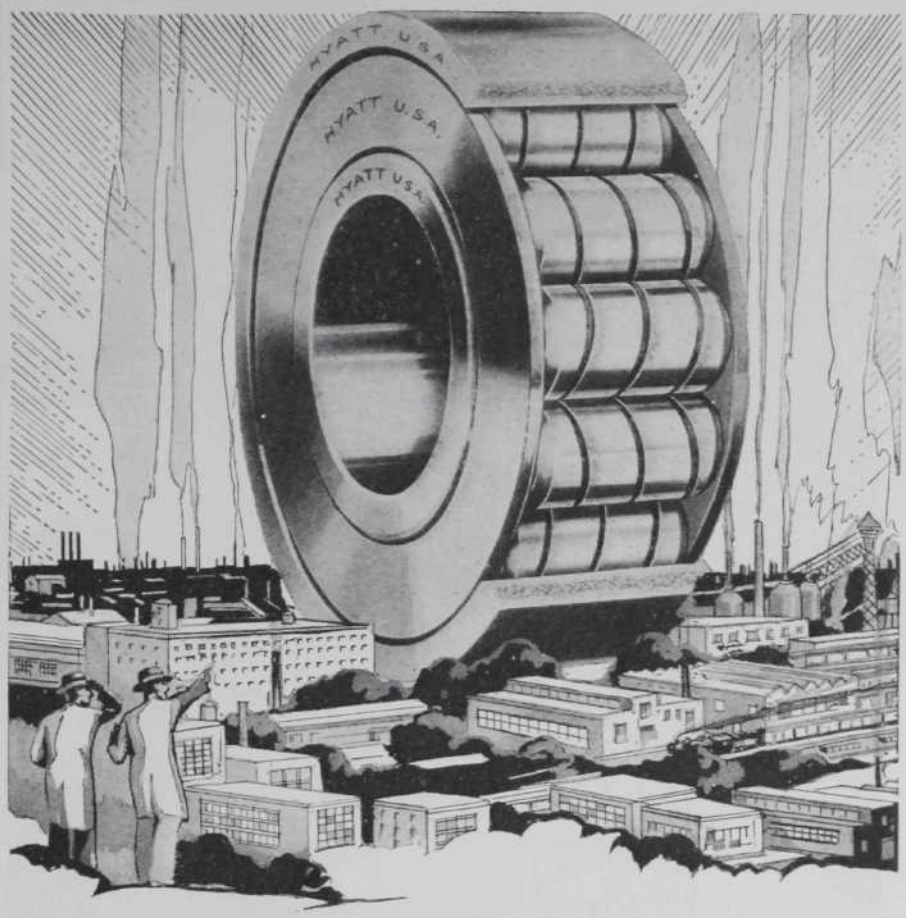
In the mind of the ordinary manager the prompt reaction was: "It can't be true." He refused to believe that a harmless little pension plan, which he himself had adopted and reared, would grow into a monster that might eat up all the profits of the business. Pension actuaries became about as popular as prophets usually have been when they have brought bad news. But the actuaries stood their ground; and one by one the industrial managers conceded that they were right. They couldn't help it. Mortality tables, interest computations, and the simplest mathematics gave results against which argument was futile. Mounting expense of existing pension plans furnished concrete illustration in support of mathematical conclusions.

In the meantime, the contentions of the actuaries received impressive confirmation in the tragedy of one well-known pension (unfortunately a contributory plan) which consumed a fund of millions, and which, after the company had been merged with another corporation, blew up and left the pensioners to fight fruitlessly in the courts for their vanished annuities.

New Systems Adopted

SO employers were forced to revise their ideas. Some of them revised their pension plans at the same time. There is now substantial agreement that pension costs are something entirely different from the current disbursements in the early years of a retirement plan; that payments for annuities will increase for a long period of years, and that sound accounting methods require that the pension cost in a given year shall be calculated not on the basis of the annuities paid that year but on the basis of the obligations incurred on account of the number of active employes who may be expected to remain with the company until they reach retirement age.

To meet this situation various expedients have been adopted. Some companies continue to make payments out of current income with no provision for future liabilities. In fact, that is still the policy of several outstanding companies operating successful noncontributory pension plans. Other employers have set up funds, either in lump sums or by annual contributions, which equal or approximate more or less closely the requirements estimated by actuaries as sufficient to offset accruing liability. In yet other corporations, particu-



Hyatt Has Earned Industry's Admiration!

IN their epoch-making performance, sturdy Hyatts have supplied the final endorsement of anti-friction bearings.

Throughout all industry . . . in automotive, railroad, industrial and farm equipment . . . their magical endurance and economy has won them overwhelming preference.

With Hyatts, power waste, friction, wear and lubrication needs are minimized. Smoother running machinery . . . longer life . . . lower production costs are assured.

These are good and sufficient reasons for Hyatt supremacy. But often more important to industrial progress is Hyatt's aptness for solving the most difficult of engineering problems.

Hyatt counsel is available at your call.

HYATT ROLLER BEARING COMPANY

Newark Detroit Chicago Pittsburgh Oakland

HYATT

ROLLER BEARINGS

PRODUCT OF GENERAL MOTORS

When writing to Hyatt Roller Bearing Company *please mention Nation's Business*


CHAS. NO
O.K.
ERNEST HAMLIN BAKER

Bush Distribution Service builds new business

"WE'VE landed the Ransom business at last," the salesman 'phoned his sales manager. "Not a single sign of an order for forty months. Then this morning the order comes through—and a good one. All because Bush Distribution Service guarantees to deliver our goods just when Ransom and his customers need them. I'm sure to get new customers and hold old ones by talking our new line *plus* Bush Distribution Service."

Everywhere in New York it's the same story. Dealers refuse to take advance deliveries in large quantities . . . to finance carload lot shipments. They want smaller quantities delivered more frequently on shorter notice. They won't do business with manufacturers who refuse to keep spot stocks in New York. Bush Distribution Service will help save such business that is slipping, keep old accounts satisfied, and build new business.

The Bush Seal of Service on merchandise means lower distribution costs to the manufacturer and less expensive selling. To the dealer it means: "This is merchandise of a wide-awake, up-to-date and progressive manufacturer who is protecting my profits."

Bush Distribution Service offers an economical way of increasing sales. It saves money compared with any other method of receiving, storing and delivering goods in Greater New York. These savings and profits are described in our new booklet "Distribution Perfected." Your copy is waiting for you. Mail the coupon and get this valuable sales help immediately.

BUSH DISTRIBUTION SERVICE

Regular daily deliveries to New York dealers and consumers.

Special emergency deliveries.

Deliveries to dealers authorized to order direct from Bush.

Open stock service that assembles assorted orders.

Spot stock service that completely controls merchandise.

PRINCIPAL SAVINGS

City cartage costs eliminated.

Freight rates radically cut.

Inventory investment reduced.

Fixed annual overhead avoided.

Final delivery costs lowered.



Bush Terminal Company
Distribution Service—Dept. N-3
100 Broad St., New York

You may send me, without obligation, your booklet, "Distribution Perfected."

Name.....

Firm.....

Street.....

City.....State.....

BUSH TERMINAL CO.
DISTRIBUTION SERVICE, NEW YORK



Bloomingdale's Saves 66⅔ per cent on floor cleaning costs

BLOOMINGDALE'S, well known New York Department Store, in a special report on cleaning methods, says:

"Clean floors reflect progress, and they have helped us raise the class of store employees as well as the class of customers.

"We scrub 106,000 square feet of floor space weekly with two Number 17 FINNELL Electric Floor Machines, which keep the hardwood floors spotless.

"The total cleaning cost, including labor, materials and upkeep, is just under seven cents per square foot per year!

"To maintain the present standard of clean floors by hand mopping would require at least three times the present amount of water, soap and labor—making a cost of 21 cents per square foot, or more than $20,000 per year. Saving two-thirds of this cost, the FINNELL machines pay for themselves almost every month."

Waxes ~ Polishes ~ Scrubs

The FINNELL applies wax and polishes, leaving floors lustrous, yet never sticky nor slippery. It scrubs too—far more quickly, and with far less effort than any other method. Wood, linoleum, tile, rubber, composition, terrazzo, mastic, etc.—the FINNELL keeps them spotless, sanitary and better preserved at least cost. There are eight FINNELL models—a right size for every class of business and institution—hotels, stores, hospitals, factories, bakeries, clubs, theatres, laundries, etc.

Floor Maintenance Data Free

Write today for this authoritative information on how to make *your* floors pay dividends—in better working conditions, in increased patronage, in greater public esteem and in dollars saved. FINNELL SYSTEM, Inc., 236 East St., Elkhart, Ind. District offices in principal cities.



IT WAXES
IT POLISHES
IT SCRUBS

FINNELL
ELECTRIC FLOOR MACHINE

When writing please mention Nation's Business

larly in some of those having contributory plans, pension risks are converted into insurance through the purchase of annuities.

In recent consideration of labor policies the pension problem has absorbed increasing attention year by year. It is likely that the importance of this branch of personnel administration will grow rather than diminish in the next decade.

There is no cheap and easy method of supporting that proportion of the population which on account of the infirmities of age is unable to support itself. For a part of this burden industry has a responsibility which it has no present prospect of evading. That the payment of pensions is far from being the most expensive method of meeting that responsibility is the consensus of advanced industrial opinion. The sooner the magnitude of the task is realized and work on it gotten under way the better for all concerned.

As to the type of pension plan to be adopted, few universally applicable rules may be made. The problem is individual to each company and needs to be approached from the standpoint of that company's situation. For the benefit of the employer who has not yet adopted a pension plan, a few suggestions may, however, be set down:

1. Don't delude yourself with the notion that you can avoid paying for the depreciation of human machinery in your plant. If you are not paying the cost in pensions, you are probably paying even more in other ways.

2. A part of the pension expense may perhaps be shifted to the employes themselves through a contributory plan. A contributory pension, however, involves obligations of the most binding kind, since it must be financed in part by funds collected from workers over long periods of years. Such a plan should not be undertaken without definite assurance, first, that it is suited to the needs of the business and, second, that its financial structure is sound beyond the shadow of doubt.

3. The cost of pensions may be needlessly inflated by undue liberality in the terms of the plan or by loose administration. Many economies may be effected by attention to these points. But don't make your pension plan so niggardly that it will discourage the retirement of aged employes and thus defeat its purpose.

4. If at all possible, make your pension actuarially solvent by an adequate reserve or by insurance. If this cannot be done, approximate it as nearly as you can. If temporarily it is absolutely necessary to pay pensions as current expense with no provision for future obligations, at least do it with your eyes open and be prepared for sharply mounting expenditures over a long period of years.

5. Let no one sell you a ready-made plan, unless you are certain that it fits the conditions of your business. Expert advice may indeed be secured from the outside, but the responsibility for adopting a pension policy is your own. Study the conditions of your business, and forecast future developments as accurately as you can, with the aid of the best counsel you can find inside or outside your organization. Take your time. Know what you are about. Then, if you decide to adopt a pension plan, keep before you the fact that, while it is indeed expensive, in the long run it may be an aid toward efficiency and economy of operation.

Counting Our 120,000,000

By OLIVER McKEE, *Jr.*

EARLY in 1930 an army of 100,000 enumerators will set out with note book and pencil to take the fifteenth decennial census of the United States. Most of them will have an early breakfast and will be on their way by eight o'clock. Requiring, as it does, a count of some 120,000,000 men, women and children, it will be the biggest undertaking of the kind in history.

To give Uncle Sam the information he wants about each of his nieces and nephews will cost about $30,000,000, or, roughly speaking, a quarter—the equivalent of a couple of packages of cigarettes—for each person counted. Twenty-five cents a person is a small sum even if the total runs into a respectable figure.

For the first time, a decennial census will include data on distribution. How many stores are there in a given community, what do they sell, and how much? Business men of the country have long wanted a distribution census. Secretary Hoover has recommended it to Congress, and in 1930 unless the lawmakers should change their minds, the enumerators will assemble distribution data as well as information on population, manufacturers, mines and mining, irrigation and other subjects covered in previous censuses.

With a storehouse of experience to draw upon accumulated during the years since 650 enumerators first set out to count the 4,000,000 Americans who made up the American nation of 1790, the Census Bureau has already begun to prepare for its biggest job, the New Year's gift of 1930. To recruit an army of 100,000 is a comparatively easy matter, once Congress opens the purse strings of the Treasury for the required amount.

Just as war today is in a large degree a matter of machines, so machines mainly determine how quickly and how efficiently the information gleaned by the army of enumerators is placed at the disposal of the Government and the

American business man. To train a man to ask twenty or forty questions, and set down the replies in the proper column of a printed questionnaire, is no problem at all. To invent a machine that will assemble all this data, sift it, tabulate it, and add it, is the really great problem.

Man takes the census but it is the machine that really writes the census reports that come to our libraries. Without machines, a modern census such as we know it could hardly be taken.

Marvelous indeed were the machines which the Census Bureau used in 1920. The same machines will be ready to handle the 120,000,000 cards for population alone that will descend on Washington early in 1930 like an avalanche, but these machines have been improved so that they will be even more efficient than they were eight years ago.

For example, the hand punch at the last census, used to designate on each card the state, city, district, or other locality of the person for whom that particular card gave us the information was considered a good machine, but now it has been so improved that ten of these machines can do as much work as fifty could in 1920.

In that year, 1,200 people were required to man the machines. In 1930, with 10 or 20 million more population cards to handle, only 400 or 500 operators will be required.

In 1890 a revolutionary change in census procedure was made by the introduction of the card system of tabulation. This system is still in use though improved in details. It is used in tabulating population and mortality statistics. The Census Bureau receives the schedules from the 100,000 enumerators in the field. The next step is the transfer of the various details as to color, age, sex, parentage and occupations from the schedule to a card 6⅝ inches by 3¼ inches in size.

Indexing by Machine

THE sorting machine separates the cards into groups or classes, 300 cards a minute. Then they are run through a machine which totals the various items indicated by means of the punched holes in the cards.

The machine counts the cards at the rate of 500 a minute. Each of these machines is equipped with an automatic feed, and each devours a stack of about 400 cards a minute.

The Census Bureau plans to use 30 unit tabulators for the 1930 census. These can take up to 60 individual facts for each person counted. There is a symbol for each fact. Thus 24 might mean a man was an agricultural worker, 30 that he was foreign born, 5 that he lived in the country, 10 that he lived in the city. Any 60 facts can be used, and appropriate symbols designated. These 30 unit tabulating machines, used for a working day of seven hours, can print 3,000,000 cards a day, or 100,000 each. This assuredly is mass production in the census industry.



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Walker & Gillette, Architects *Built of Gray Indiana Limestone*

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The
EXTRA EDITION
of NATION'S BUSINESS *for* 1928

THE EXTRA EDITION, graphically illustrated and reporting in full the 16th Annual Meeting of the Chamber of Commerce of the United States, should be on every business man's desk during the coming year.

Fill in the coupon on page 168 in ordering your additional copies.

Growing New Wood

SELFISHNESS has been termed a spur to human progress, and in business parlance "enlightened selfishness" is the desire for success which recognizes the rules of the game and the obligations to society. A prominent journalist now says that the instinct for gain in business may be the means of accomplishing utilitarian dreams — that the preservation of our forests, with their beauty and opportunity for recreation, turns largely on making it possible for forest land owners to grow crops of trees at a profit.

Speaking before the Wisconsin Commercial Forestry Conference, held at Milwaukee, Wisconsin, March 28 and 29, 1928, Fred Luening, of the Milwaukee Journal staff, said, "It is fortunate for all lovers of the forests that we are getting the selfish spirit into forestry. We realize the importance of making our forests pay. After all, the things we do to best advantage are actuated by selfish motives."

Conferences for Conservation

IN THE last twenty-five years there has been much discussion of forest conservation. Numerous conferences have agreed that the nation's wood lands should be maintained. But 80 per cent of all the forest area in the United States is owned by private individuals. No one expects private enterprise philanthropically to maintain these forests to adorn the landscape and afford great outdoor playgrounds for the public; but if tree growing can be placed on a sound basis so that forests can be harvested profitably like other agricultural crops, then the nation's forest lands will be wooded.

Commercial forestry was the theme of the Wisconsin Conference, and the topics considered dealt with the practical problems of putting the business of growing trees on a sound business basis.

The conference was a direct outgrowth of the National Forestry Conference at Chicago last November under the auspices of the United States Chamber of Commerce.

The discussions at Chicago laid the foundation for carrying out the new forest policy that had been visioned in the National Chamber's Referendum No. 42 on a National Forestry Policy. The Conference recognized that the solution of forestry problems rests largely upon the states, since questions of fire control and equitable taxation, the greatest obstacles in the way of growing new crops of trees, require state legislation, and since land utilization, climatic conditions and marketing problems present varying aspects in each region.

Growing out of the cooperative idea of the Chicago Conference, came the Wisconsin State Conference, sponsored by the National Chamber and the Milwaukee Association of Commerce. An Advisory Committee was selected of thirty members, representing the various interests concerned with the state's forestry resources.

The farmer whose interest was in his wood-lot was there, as well as the owner of thousands of acres of timber, struggling settlers of northern Wisconsin towns, supervisors worrying over unbalanced tax budgets, fire rangers and county agents, pulp and paper operators and lumbermen managing big mills and employing thousands of men. There were bankers, railroad presidents, newspaper and magazine publishers, assemblymen and senators, foresters, representatives from the College of Agriculture, the State University, the Forest Products Laboratory, the Lake States Forest Experiment Station and the Commission of Conservation; secretaries of chambers of commerce; and representatives of organizations interested in the recreational features of forests. It was a demonstration of an all-pervading community interest in Wisconsin's forests.

Between 300 and 400 persons sat through two full days of intensive discussion. A permanent organization for Wisconsin was authorized.

One might think that with only two million acres of virgin forests left out of an original eighteen million, the future of Wisconsin's forests would look black, but the note of the Conference was distinctly optimistic. Said one authority:

"There is very little real devastated land in Wisconsin. The cut-over lands are coming up to jack pines and popple. It is not a question of quantity of wood, but quality of wood.

"Attention should now be given to devising means of utilizing these species which have come back where other species were removed."

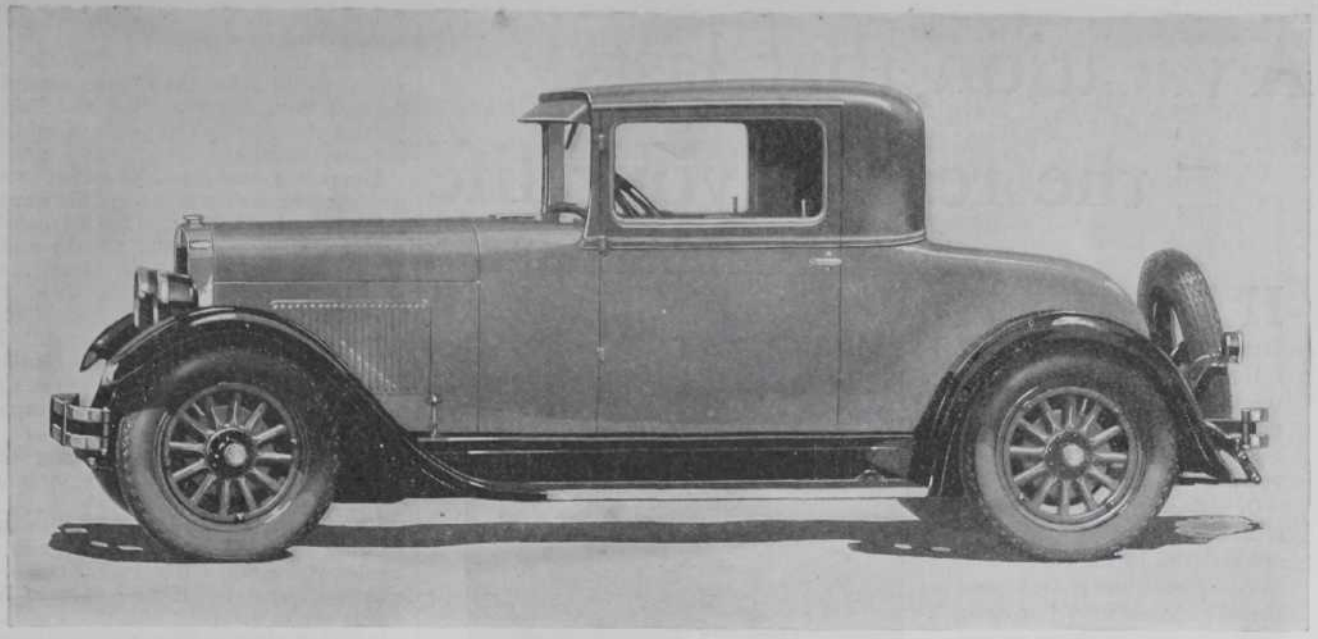
Pulp Use Helps Forestry

ANOTHER encouragement to commercial forestry is the rapid development of the use of wood for paper, because pulp wood can be grown in from one-third to one-half the time of logs suitable for lumber manufacture. One speaker said that chemistry was making such rapid changes that the whole industry might be revolutionized within ten years, making possible the utilization of species of soft wood and hard wood now considered inferior. Fortunately for commercial forestry, discovery and invention are making it possible to harvest a forest crop out of inferior species and much more quickly than in the past.

The value of the woodland in bringing many thousands of tourists to the state and the great value of this recreational asset to the state was frequently emphasized.

Some of the most interesting viewpoints advanced during the symposium are the following:

Fire protection ought to be as efficient in the woods as in the city. The city puts in its fire alarm and engine system as a public responsibility. It does not ask the indi-



Made-to-Order for Order-Getters

If Dodge Brothers had designed the Standard Six exclusively for commercial travelers they could not have produced a car better suited to their needs.

Ample seat-dimensions, easy steering and gear-shifting make this six an *energy-saver*. Gasoline consumption remarkably low for a six makes it a *money-saver*.

And its brilliant performance—the fastest and finest under a thousand dollars—makes it a *time-saver*.

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A vacation that lasts the rest of your life

HOW would you like to quit work some day and start out on a vacation for the rest of your life?

How would you like to pack your trunk, cash a good-sized check at the bank, pick up a traveler's map and decide which part of the world you would like to visit *first*?

Or perhaps you would prefer to settle down in a cosy cottage in the mountains or by the sea—a comfortable place where you can spend the rest of your days just doing the things you've always wanted to do "when you had time."



Sounds attractive, doesn't it! No more work. No more worries. Nothing but good times ahead, and of course, with all expenses paid.

The money question

But where is the money coming from? Who is going to pay your expenses?

The answer is simple. All you have to do is to rearrange your present financial life slightly and the money question will take care of itself.

. All you have to do is follow a simple but definite plan, and by the time you are ready to retire and take that vacation the money will be waiting for you.

This plan was devised by financial experts. It has been tried out by thousands of men and women. It is backed by a 100 million dollar Life Insurance Company. It is safe as a Government Bond.

The minute you make your first deposit on this plan, its benefits begin. Your most important money worries disappear. You look forward to a comfortable future. You know that you need only follow the plan to be taken care of financially.

And if you should become permanently disabled and unable to make further payments on your investment, there would be no need for worry. Your payments would be *made for you* out of a special fund laid aside for that purpose.

This Free Book explains it

A 24-page, illustrated booklet, called "How to Get the Things You Want," explains the plan in detail. It tells not only how you can retire with an income when you are 65, but how you can leave your home free of debt—how you can send your children to college—how you can create an estate—how you can make sure your income will go on even though you should become totally disabled—how you can leave an income for your family.

The financial plan outlined in this book is so clear and so simple that it can be understood at a glance. It is so sound, so sensible, so logical that the minute you read about it you will realize that it works. Send for your copy of the free book today. There is no obligation.

PHOENIX MUTUAL LIFE INSURANCE COMPANY

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HERE are just a few of the things you can do under the Phoenix Mutual Plan:

1 RETIRE with an income when you are 65.
2 LEAVE your home free of debt.
3 SEND your children to college.
4 CREATE an estate.
5 MAKE sure your income will go on even though you become totally disabled.
6 LEAVE an income for your family.



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vidual to do it. The public should do the same for the woods.

It should not look to the private individual to do other than to be careful to prevent fires, discover them and help in putting them out. The public should furnish the facilities.

The public must learn the cost of ground or bush fires. Often reports of fire wardens are received after such fires stating "no damage," when as a matter of fact a million baby trees, the basis of the future forest, have been destroyed.

"Let's not tax our forests out of existence; let's tax them into being." The Wisconsin Forest Crop Law, which collects the tax when the crop is harvested is a just law because no one benefits at the expense of another.

It increases taxes by encouraging forest growth. Forests are wealth and you cannot get taxes without wealth.

By putting the idle forest lands to work growing crops of trees in Wisconsin, the burden of taxation will be lessened on every citizen of the state. If the citizens of Wisconsin are to compete with those of other states they must not be at a disadvantage in taxation.

The basis of forestry should be the sustained yield, i. e., the result of cutting only the increment each year and not the capital. Sustained yield could be accomplished if groups of lumbermen were permitted to enter into the cooperative agreements. No greater step could be taken toward conservation than some modification of the Sherman Anti-Trust Act to permit agreements in the interest of conservation.

A broad conception of the Conference has been well expressed by R. B. Goodman of Marinette, Wisconsin, who is a member of the executive committee of the Wisconsin Commercial Forestry Conference:

"The conference at Milwaukee has changed the meaning of forestry for us: not a national, but a local problem; not a controversy, but a field of research; not remote and academic, but agricultural and as close to the land as farming; not altruistic, but for profit.

"Slowly, very slowly, will this be translated into action. Instruction and tree planting in the schools, organizing junior fire rangers, silviculture on farm woodlots, larger appropriations for fire suppression, correlation of research activities of the state and federal agencies, county forest management, additional state nursery facilities and the forming of a state forestry association to promote these ends are recommendations made by the conference. An intelligent forest consciousness, adequate fire suppression and taxation under the forest crop law will make the growing of timber in Wisconsin a commercially practicable undertaking.

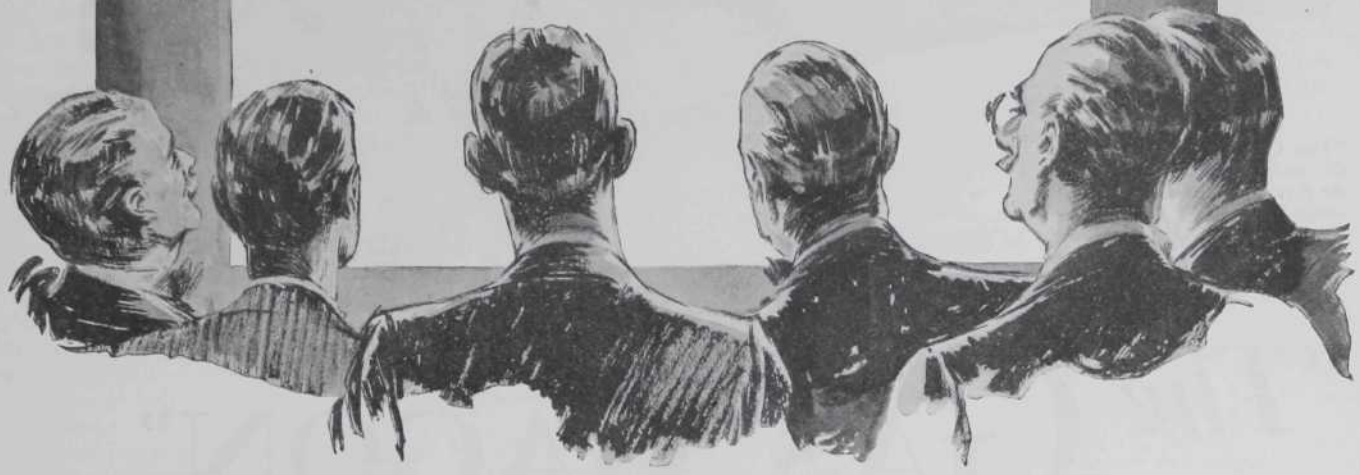
"This was a commercial conference; forestry was presented strictly as a matter of business. Perhaps that is the way it was intended to be, but if it was all business, it was business infused with real and fine sentiment, love of forest shade and flowing stream and growing trees, the concern for beauty in God's world and the joy of passing what is good to those who come after us."

W. Du B. B.

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grocers . . bankers . . railroads . . druggists . . power corporations . . plumbers—all find that Remembrance Advertising does a highly specialized and remarkably effective job.

Here's an order for 120,000 house organs from a Michigan bank. 1,000,000 mailing pieces from a Minnesota lumber company. Calendars, 175,000, to stimulate travel and build good will, from a western railroad. "Door openers," 1,600,000 from a hosiery mill.



NO BUSINESS is too great or too small, to use Remembrance Advertising. Steels, motors, tires, insurance, oils—corporations famed throughout the world are numbered among those we serve. Book shops and dairies are also listed in the huge Brown & Bigelow files that house 160,000 customer-names.

A national advertiser spending $6,000,000 a year turns to Remembrance Advertising to bridge a gap in his campaign. To make an indelible impression on a certain important group, to insure against the process of forgetting after a salesman's call, he uses Remembrance Advertising—because nothing else can so competently perform this special task.

Nor can any other advertising work so efficiently for the man who has a small business to promote. With a limited expenditure, he can make his "advertising voice" heard above the shouts and clamor of the multitude. Not because he tries to out shout the multitude, but because through Remembrance Advertising he can select his listener—then deliver his message within a whisper's range.

Remembrance Advertising is not a single form of advertising. It covers many forms of advertising—all produced by Brown & Bigelow. Send for complimentary book telling about Remembrance Advertising. We will gladly suggest a plan whereby Remembrance Advertising can be made to work profitably for you. No obligation.

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"THE GAS WAGON" *is one of the most important trains in the fleet of 60 named Pennsylvania freights that have set remarkable records for regularity and dependability of on time arrival*

"The GAS WAGON"

runs that the East may ride

OUT at the point where Lake Erie and Lake Huron shake hands there's a thriving city, famous as the former stamping ground of the Georgia Peach of baseball and as the greatest automobile producing city in the world. This place is known on the time tables as Detroit and vicinity.

Here hundreds of brands of motors are turned out. But in order to do their part in making the world unsafe for pedestrians they all can't reside in Detroit.

THEREFORE, "The Gas Wagon"—a big Pennsylvania freight that carries automobiles from Detroit and Michigan points to the East. And due to its regular daily performance seaboard people save on shoe leather and burn up gas—a tough break for the cobblers.

"The Gas Wagon" starts at Detroit and buzzes over to Toledo where it picks up cars loaded in that district as well as those from Michigan points arriving via Connecting Lines.

BUT it isn't a snobbish carrier, not at all. And it doesn't confine its cargo to shiny new motor cars. Other freight of a general nature can find a berth on "The Gas Wagon" just so long as said freight is Eastward bound from that territory.

Coming back to motors for a minute, you can't always count on them to get you there on time. Even the best ones exhibit tendencies to burst tires, play with telegraph poles and embed themselves in the mud. But "The Gas Wagon" has no such juvenile traits. Regularly and dependably it brings in its cargo on time—keeping its rigid schedule though rain, fog and hail seek to bar the way.

A record of fine on time performance belongs to this train. And responsible for it are the hands and eyes of hundreds of men on the train and along the way, whose splendid fighting spirit gets this big rattler through regularly on schedule.

Shippers:

Are you giving the man who routes your freight the time and opportunity to effect the economies, contribute to the new business strategy which in many industries is considered the most important development since Mass Production?

The Industrial Traffic Managers of many organizations have been instrumental in the speeding up of turnover—in the reduction of inventories—and in the opening up of new selling territories to which improved freight transportation has given them access.

PENNSYLVANIA RAILROAD

Carries more passengers, hauls more freight than any other railroad in America

Feminine Nature in Business

By EDNA ROWE

IS WOMAN'S advent into business—her economic independence—fundamentally changing her attitude toward—well, let's not say "man," but rather "romance"?

In discussing this matter with the head of a national organization which gives large and pleasant employment to women, I acquired the following information. In the last five years more than fifty per cent of the girls have married. Not one of them even suggested giving up her position. If a show-down had been demanded, the executive believes, many of them would have given up the man, rather than the job, even though, in most cases, the job after marriage would not have been a financial necessity to the couple. It seems then that the "romance of business" is becoming an emotional lure for women as it has long been for men.



"Is the work performed as efficiently—whole-heartedly — after marriage as before?" I questioned.

"I should say—yes. One hears of the slacking of interest—of divided loyalties. To my mind that is negligible. Or rather, the variations are not a matter of sex. A married man has added responsibilities both to distract from his work and to give it greater vitality. Equally so with the woman. In most cases, she is as eager to advance her position in order to advance the purchase of the new car or the refrigerator as is her husband.

"I have noticed, however, a very general request for a raise soon after marriage, although the salary for the same work seemed entirely satisfactory to her in her single state. Whether this is due to feminine vanity—a sort of symbol to prove her excellence to her husband, as—formerly—the knitting of a new muffler or the "building" of a six-layer choc-



olate cake; or whether it is the blind adoration of the bridegroom who considers her supreme and unique abilities under-rated, I can't say. Possibly, just the slave-driving instinct of the male!

"The majority of women in business offices—as I have observed them—have no driving ambition for personal success—as yet. It will doubtless come. Since a wedding can become so casual an affair that it takes place on Saturday afternoon and is scarcely commented upon in the office on Monday, can men long remain all-important to women—even emotionally?



"Why, do you know"—and he waxed rather apoplectic—"one of our most charming girls—sweet, dignified, not a bit flapperish—married on the *last* day of her vacation and came back quietly to work on Monday! Why on earth didn't she set the wedding for the beginning of her vacation? I asked. 'What? Waste my vacation?' she asked, utterly uncomprehending!"

"Well, after all," I suggested in behalf of my sex, "she had earned that vacation. If life's really going to be fifty-fifty they'll have each to supply one week of the fortnight, I suppose!"

"Ye-es?" he drawled with a grin. "I'll bet she'll be working me for a 'leave' to share *his* at Atlantic City. And she'll go home to see Mother on hers!"

WHEN a manufacturer turns out the latest designs in one of the new materials for office-furniture—good-looking, durable, in the most attractive and varied finishes, he is justly proud. A little later the "purchasing department" of a large organization is satisfied, and the "chief" delighted with the fresh appearance of his offices that have flowered over night with rows of cool, green desks.

Yet, in one instance at least, a thorn, unforeseen, unpredictable, was hidden among the (no, I shall *not* say "rows!") The female personnel did not smile as whole-heartedly as before; somehow an ominous cloud hung over the office in spite of the bright gleaming of the new surfaces.

After ten days the chief received a petition, a bill of wrongs that would wring the heart of any male. He submitted it to the dealer, whose knightly soul was stirred. On it went to the manufacturer.

"For the love of Mike, who would have thought of that?" He sent for the designer. "Why didn't you think of that? Plain's the nose on your face. The sharp edges of our desk-legs are snagging the women's stockings. Smooth 'em off. Line 'em with velvet—adhesive—chewing-gum—*something!* Where'll American business be—let alone our business—if stenographers can't wear chiffon stockings?"

"But the lines are perfect," wailed the outraged designer. "We studied it from every angle—" "Except the feminine!"

"There's no other way—"

"There's *some* other way!"

"That finish—"

"*Our* finish, I tell you. It's a woman's world. Fix 'em."

He fixed 'em.

I OVERHEARD a conversation between the head of a household-goods department and a salesman attempting to interest him in certain cooking-utensils which I knew to be of superfine quality producing superfine and supersucculent meals. Enthusiastic as he was, however, he was meeting with but a chilly response.

"What's the matter?" he demanded at last. "The high price? I admit they're expensive, but I can guarantee they'll outlast——"

"Expensive? That's nothing. Make



platinum frying-pans and women would probably skimp on the food-allowance to buy them!"

"Well, then. They absolutely do save on food. No waste of the nourishing elements——"

"But—my dear young man," the "prospect" checked him wearily, "you specifically state—you actually emphasize the fact that they cook *slowly*."

"Exactly so. As the French do. And therefore all the juices——"

"But our customers are not chemists. They're not French peasants. They're mostly young American women. Less cooking and quicker—that's their creed."

I don't admit he was right. He may have been disappointed in love—or in soup. But that's what he said. And the salesman made no sale.

A HOTEL in Pennsylvania—one of the high-ceilinged, huge-roomed sort of the comfortable "eighties"—found difficulty in competing with the new rival hotel with its many closet-sized bedrooms and modern (I almost wrote inconveniences.) The manager wisely decided not to compete, but to concentrate on attracting more leisurely tourists, those who like to keep their families together even in summer. He placed two double beds in each of the ample rooms and offered the extra sleeping space,



A BRANCH HERE
will give Your Business the added "spur" it needs.....

THE SALT LAKE MARKET, comprising 2,000,000 consumers, rewards those who cultivate it. More than 100 leading national firms are already here, with branch factories or distributing offices at Salt Lake City, the strategic center, geographically and commercially.

It will pay you to investigate the opportunities afforded by Salt Lake City as your intermountain headquarters. Come and see for yourself this summer

A two-fold significance is found in the fact that Utah leads all western states in value of mineral production, and has untouched resources which make it America's richest metal mining state! First—it gives a decided advantage to businesses using such raw materials as iron, copper, zinc, silver, lead, etc., in manufactures destined for Pacific Coast and Oriental markets. Secondly—it is a basic source of wealth which assures a steady and worthwhile market, right here, for manufacturers of *every* commodity that people use. In 1927 Utah led all states in silver production; was second in copper; second in lead; fourth in zinc; sixth in gold and thirteenth in bituminous coal.

Agriculture and livestock also bring millions of dollars to the hands of consumers in the Salt Lake market. In 1927 Utah produced approximately 29 per cent of the total alfalfa seed in the United States. Salt Lake is the livestock center of one of the greatest sheep and cattle areas in America.

Transportation facilities from Salt Lake City to every part of the West are adequate to all demands. Six trunk line railroads, a network of splendid highways. And Salt Lake City is the West's greatest airport! Warehouse facilities and factory sites in choice locations, at low cost. Ideal living conditions. Contented, permanent labor. Low production costs are the rule.

Investigate! Your request for detailed information will be promptly complied with. Address: Dept. N-10

The Chamber of Commerce

Salt Lake City



Combine your vacation trip this year with a tour of inspection of possible business opportunities. Visit Salt Lake City, the city of romance, beauty, and unique diversions . . . and Nature's Greatest Scenic Center! Free stopovers. Write for new vacation booklet.

When writing to Salt Lake City Chamber of Commerce *please mention Nation's Business*

without extra cost for the small children of the travelers.

"We have been filled all summer," he told us, "with satisfied and most satisfactory patrons, and the extra meals served much more than repaid the slight expense of bedding and service.

"You've no idea how women when they are traveling hate having their small children even so far away from them as across the hall."

THE color question in America really is no question at all, but a very "declarative statement" of the spirit of the American people. The modernists had better hurry and write their drab tales of drab America, because very soon—even for these microscopic pessimists—it will be a case of "there ain't no such animal."

Could a woman—I ask you—be a Eugene O'Neil heroine in a kitchen hung in "yellow calico curtains with a tiny red and black sprigged design, edged with yellow braid"? Could she become properly bored with her legitimate husband while making his legitimate coffee in "percolators of gorgeous mandarin-red, soft apple-green with a lining of bisque, delft-blue with handles of white" on a gas range "in color to synchronize with a ruling hue"?

Could she become melancholic when the once conservative garbage can positively lures with its gleam of apricot enamel?

And where now can you find the sad household drudge with sagging skirts when skirts simply cannot be tugged below the knee, and the brooms—if any—wear rainbow-tinted straws?

NOR is it entirely the women who are choosing lively colors. Men are urged to buy "Dinner clothes of midnight blue"—pajamas in a life-size rose motif on a green lattice—straw hats in "pastel shades."

No need to mention the color note in women's dress. Hosiery, for example, where "atmosphere" vies with "dawn" and "Beech-nut, tobacco, peach, poppy, eggplant, raisin" flicker by. The signs of the times there are so evident that "he who runs may read." Though I observe that few run.

INCIDENTALLY, it would be an inestimable boon to the buyer these days if the names of the many colors could be standardized.

I suggest that the Woman's Party work for the appointment of a national color commission. Is it quite fair that what in draperies is "moonlight" should be "dawn" in hose and "dove" in gloves? Or that to match a gown definitely described by the customer as "eggplant" I should need "burnt orange" hose? The designer must have had in mind fried eggplant. Those on our farm have a purple hue. My dress isn't purple. It's—my milliner tells me—"melon."

You see, really, there ought to be a law!

You Can't Win in the Grandstand

(*Continued from page* 39)

largest number of the electorate can find the least objection.

"Can he carry the dry states?

"Will labor be satisfied?

"Is he acceptable to the farm vote?

"Will he suit the women folk?

"Will the wets knife him?

"What will the soldier vote do to him?

"Such questions determine 'availability,' and practical politicians ask and decide them.

"A few years ago, a self-styled 'influential' chap approached a prominent manufacturer in my state and told him a harrowing tale of a bill—an atrocious piece of legislation—aimed at corporations that was going to be introduced in the state legislature. The manufacturer was thoroughly worked up about it, and the upshot of the matter was that a fund of some $35,000 or $40,000 was raised and given to this 'influence' broker to enable him to kill the legislation.

"It is this sort of thing that gives so many business men the idea that all government, particularly legislation, is crooked. Many a legislator's vote is thus 'influenced' both in state capitals and at Washington by 'influencers' whom the legislator never saw or even heard of.

Willing to "Buy" Contract

"A CONGRESSMAN representing one of the districts in my state recently had an experience that shows the existence of the idea that cash paves the way to government favors.

"A constituent wanted to get a contract to furnish material for a government construction project. He approached his Congressman to enlist his aid. The Congressman told his constituent the proper way to go about it was to get in touch with the department of government supervising the work and submit his bid. But the constituent wasn't satisfied. He called at the Congressman's office and told him:

"'You can fix that contract for me. And if you'll do it, there's twenty thousand in it for you.'"

"The Congressman paused a moment then said, 'I'm going to pass the insult, for I'm curious to know if you actually think you've got to buy a public officer to get a contract with the Government.'

"And the Congressman told me he was convinced that his constituent was in downright earnest about it. He thought he'd have to buy his contract.

"Of course there are crooks in politics, but for every crook in politics there has to be a crook outside to buy him. This crook business isn't a one man job.

"Don't misunderstand what I have said about the business man and his politics. I'm not suggesting that there should be a business man's bloc. There's too much of that bloc business now, but I'm sure that for his own and his country's good, the business man ought to rate his politics at least as important as his golf."

A DOCTRINE IN WHICH SOME NOTABLE ADVERTISERS HAVE DISCOVERED PROFIT POSSIBILITIES



There's a portrait of the family in Mother's shopping list

THE wants of the family are pictured in Mother's shopping list. And that list is more than a prosaic catalog. It is a composite portrait of the family.

A family is neither a "buying unit," nor a digit in a circulation statement. A family is *people*. It has as many likes, dislikes and opinions as it has members. The more members that are sold on a given product the quicker the family buys that product.

It is that doctrine which recently led successful advertisers to investigate how many members of a family read a magazine.

In every investigation, of which we know, The American Magazine led every other publication in all-family appeal.

As a woman's magazine alone, it usually ranks second or third. As a man's magazine, first or second. But in its combined reading by fathers, mothers and young people it is overwhelmingly first.

The importance of the all-family appeal of The American Magazine is evidenced by the fact that such notable advertisers as Colgate, Heinz, Royal Baking Powder, Johns-Manville, National Piano Manufacturers Association, Cream of Wheat, and Dunlop Tires are either using The American Magazine for the first time in 1928 or have greatly increased their American Magazine advertising.

Here are the facts that convinced those advertisers that The American Magazine, at one advertising cost, reaches not only Mother but her group of consumers:

How to reach the *"Two or More"*

In 73% of 952 families recently questioned, two or more members influenced the purchase of a piano. In 59% two or more members influenced the choice of ham and bacon. In 67%, two or more members influenced the selection of hosiery.

Obviously, then, most advertisers should use those publications which reach "two or more members" of the family. By every test, the magazine that does that most effectively is The American. Investigations, including those conducted recently by five leading universities, prove The American Magazine overwhelmingly *first in its combined reading by all the family.*

The Crowell Publishing Company, *New York City*

When writing to The Crowell Publishing Company *please mention Nation's Business*

When you think



Water Power and Industries, Oregon City, near Portland

—of a factory site on the Pacific Coast inquire about

Portland Oregon

It will cost you nothing to have your secretary write to the Portland Chamber of Commerce to ascertain actual facts and data about Portland, Oregon, as a site for your new factory.

OREGON has a hinterland of 250,000 square miles. It has Washington, British Columbia and Alaska to the north and California to the south, with four transcontinental railway lines connecting with the entire railway system of America and Canada. It has fifty-seven steamship lines carrying America's products and bringing imports to and from all parts of the world, besides being the center of the wool-growing and manufacturing industry of the Pacific Coast. It has almost unlimited cheap hydro-electric power.

The Pacific Coast is the greatest summer vacation land in America, and Oregon has more real natural scenery and opportunities for outdoor sport than any state in the Union.

Spend your vacation this year on the Pacific Coast and investigate the claims of Portland as the future industrial center and trading port on the Coast.

OREGON Invites You

Portland Chamber of Commerce
Rm. 755 Oregon Bldg., Portland, Ore.

Please send information regarding

☐ Oregon's recreational features
☐ Portland's industrial advantages

Name.....

Address.....
N.B.

Back of the Chain Store

(*Continued from page* 23)

Mother Store at Kemmerer, Wyoming, he did not start with the buying power of a thousand stores doing one hundred and fifty-one million dollars of business a year. He started with five hundred dollars and a very small additional credit. He had many handicaps and no particular advantages.

The only possible exception to be noted is that he had the nerve to sell on a lower margin of profit and look to a much faster turnover—seven or eight times a year—than his competitors, and kept on doing it.

That willingness to accept a smaller margin of gross- and net-profit was more striking in 1902 than it seems today. Retailers then were much more likely to stick the customer for every last cent they could gouge him for, and consider it good business when they got away with it.

Anyone who has had much experience with European shopkeepers will realize how typically American the fixed retail price is—a price fixed in the interest of both buyer and seller.

That willingness to accept a modest profit on a transaction has been adhered to by our company now for more than twenty-five years, and while we have no formula for success, we believe that no small measure of credit should go to that policy.

Certainly it was the vital spark in the early years which flamed into life as time went on.

It was Emerson, I think, who said that institution was but the lengthened shadow of a man. It seems so, in looking backward over the years, in our company. J. C. Penney began the present structure with a volume not at all remarkable in present day reckoning, but that volume has been multiplied almost six thousand times while the number of stores was being multiplied by a thousand.

Builds Organization on Men

MR. PENNEY began building up his organization by building a superstructure of men to act as the framework. Again, that policy has never been changed. The company is still built around men.

Selling, whether in chains or in the most independent cross roads general store, is still and always will be a human process. It will be changing, and the men must change in methods to keep up. No chain can underestimate the importance of training its men.

Veteran chain store executives doubt that many more giant chains will be created in the near future, except for possible combinations of existing organizations. They may come after time has shown the present chains unable to meet the country's merchandising demands, but that will likely be some time away.

Retailing in the near future, if I may venture a prediction, will be done largely by chain stores and by independents grouped together for buying. Some wholesalers are having success in increasing volume for themselves and for their customers by acting as buying agents for a number of retailers. They have gone part of the way toward establishing a chain. They have no central authority. Each unit is privately owned.

One-Profit System

IT HAS been said that the chain is in reality a wholesale house with retail outlets. This is not strictly true. Its warehousing must be efficient—more so even than that of the average wholesaler, but the distinction is even broader.

Chain store men believe that there should be but one profit between the manufactured article and the purchaser, and that a reasonable, modest profit. If a chain store does that, it certainly may lay claim to sound economic justification, for it makes the dollar purchase more. That makes the dollar worth more and that is another way of saying that it contributes to prosperity.

I have sometimes been asked to name the types of selling that offer us the stiffest competition. A chain is by no means untouched by competition. It gets all there is. Other chains are very likely to be our friendliest but keenest trade adversaries.

The poor downtrodden independent for whom the public is sometimes asked to shed a tear by sympathetic but misguided editors, is by no means an inactive selling agent. He is fighting for business early and late, and has many tools which the chain lacks with which to whack us. Often he has the impetus of an earlier start.

Department stores are always in the economic race. Throughout the whole country, mail-order selling is constantly fighting for a part of the consumer's dollar.

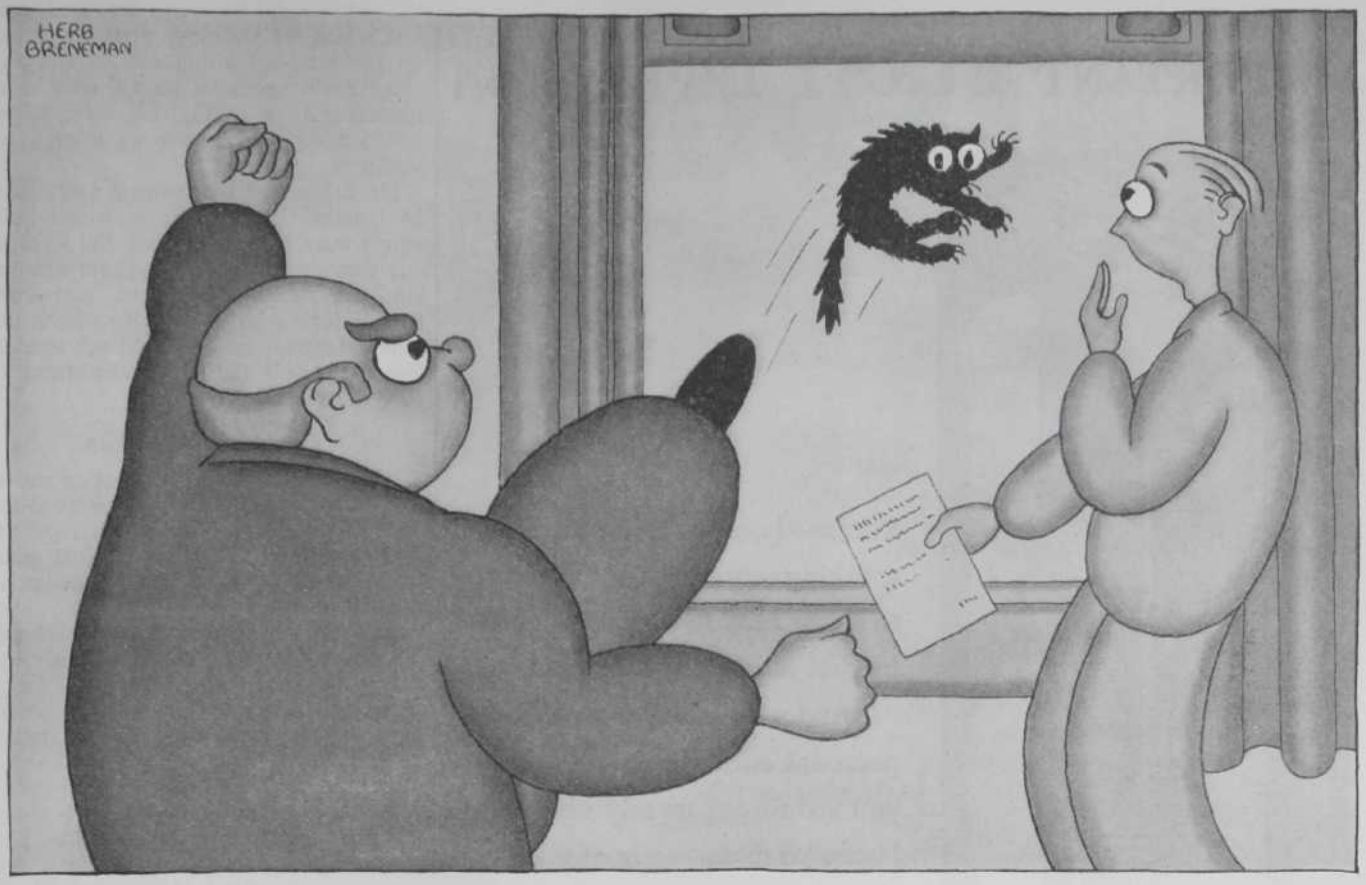
In one mid-western county, a mail-order house used to send out its catalogues by the freight-car load. We were gratified to learn recently that the shipment had been cut down until now they were shipping only part of a carload at a time. Competition is not always seen, but it is always felt.

A story of what one of our stores did for a competitor is told by Godfrey M. Lebhar, Editor, *Chain Store Age*, in a recent speech.

A West Coast dry goods retailer prospered not in spite of J. C. Penney competition, but because of it.

The merchant in question bought the store from a man who had heard that the J. C. Penney Company was coming, and who decided to let someone else have the experience of fighting a large chain.

Several months after the newcomer took possession, sure enough our company opened a few doors away. The independent stuck to his guns, played up



William the Cat makes a non-stop flight

Mr. Wangle had no business to drop-kick William, who was a devoted father and a social asset.

It started when Clarence the Cashier brought in a bill for paper towels.

"Hoity toity," roared Mr. Wangle. "Is there no limit to this wishy-washing? 75,000 paper towels! Is this a factory or a goat farm?

"A pox on these non-skid face blotters! They shred on your whiskers. There is never one in the rack. Half the time I wipe my face on my undershirt."

Mr. Wangle brushed the foam from his mouth. "How much *is* the bill?" he said.

"One hundred dollars," said Clarence meekly.



William the Cat sailed gracefully out the window.

Such cat-kicking is fearfully bad taste. Mr. Wangle should have known how easy it was to Sani-Dri these needless, constant leaks in his budget.

For Sani-Dri, which dries face and hands by electrically warmed air—quickly, comfortably and far less harshly—saves hundreds of yearly dollars wherever there is a washroom. Offices, factories and hotels the country over say that Sani-Dri pays for itself in an amazingly short time.

A booklet "Cutting Towel Bills Everywhere" will give you all the facts. Send for it—you'll be glad you did.

Sani-Dri Division
CHICAGO HARDWARE FOUNDRY CO.
Suite 302, 209 W. Randolph St.
CHICAGO

Cuts Towel Bills 50% to 90%

Sani-Dri

For Drying Hands and Face

THAT IMPORTANT FIRST IMPRESSION



You need only to be on the merest speaking terms with human nature to know how so often it is guided by first impressions.

And nowadays, with time for personal contacts daily lessening, you are forced to rely upon your letters to make many of your first contacts with outsiders—to make these important *first* impressions.

There's a distinction in the appearance and texture of an appropriately designed letterhead on Crane's Bond that quite definitely hints to the recipient that the sender is a person of some consequence. Crane's Bond suggests importance and stability as clearly as does the marble facade of a new bank building.

Ask your engraver or printer to submit samples of Crane's Bond with the distinctive Crane envelopes to match. A comparison with the next best paper is to most persons impressive enough.

Crane's Bond

CRANE & CO. INC • DALTON, MASSACHUSETTS

When writing to Crane & Co., Inc., *please mention Nation's Business*

the lines we did not carry, featured services which we were not giving and put up the sort of fighting competition any retailer can muster if he will only exert himself. As a result, this independent fattened on the business we brought to his doors.

He did so well that several years later he bought the building in which both stores were located. When the lease of our company expired five years ago our landlord, this independent merchant, turned down a larger offer for a lease and renewed ours, because he did not want to lose the benefit of the business our company developed for him.

Competition Is Life

ONE OF the chief contributing causes to waste in distribution today is the retailer who has no business in retailing, figuratively and literally. He just gums up the works. Competition is a life-giving quality when it is worth while, but deadening when it is stupid and stubborn. There are too many merchants today to serve America efficiently, and there is no justification, rhyme, or reason to retailing save efficient serving of a community's needs.

If the charge be true that chain competition drives many independents out of business, then real merchants should be glad of it, for the chains are performing a service for them, in helping to get rid of a lot of dead hands in the retail scheme of things.

The enemy of chain stores in every town is the enemy of every good merchant. It is undeniable that to the extent to which chain stores offer clean competition, they make an economic contribution.

A statistical organization recently said that out of one million five hundred thousand retailers, one million of them are just eking out an existence and that many are doing business on a losing basis. Their existence constitutes an economic loss to the community.

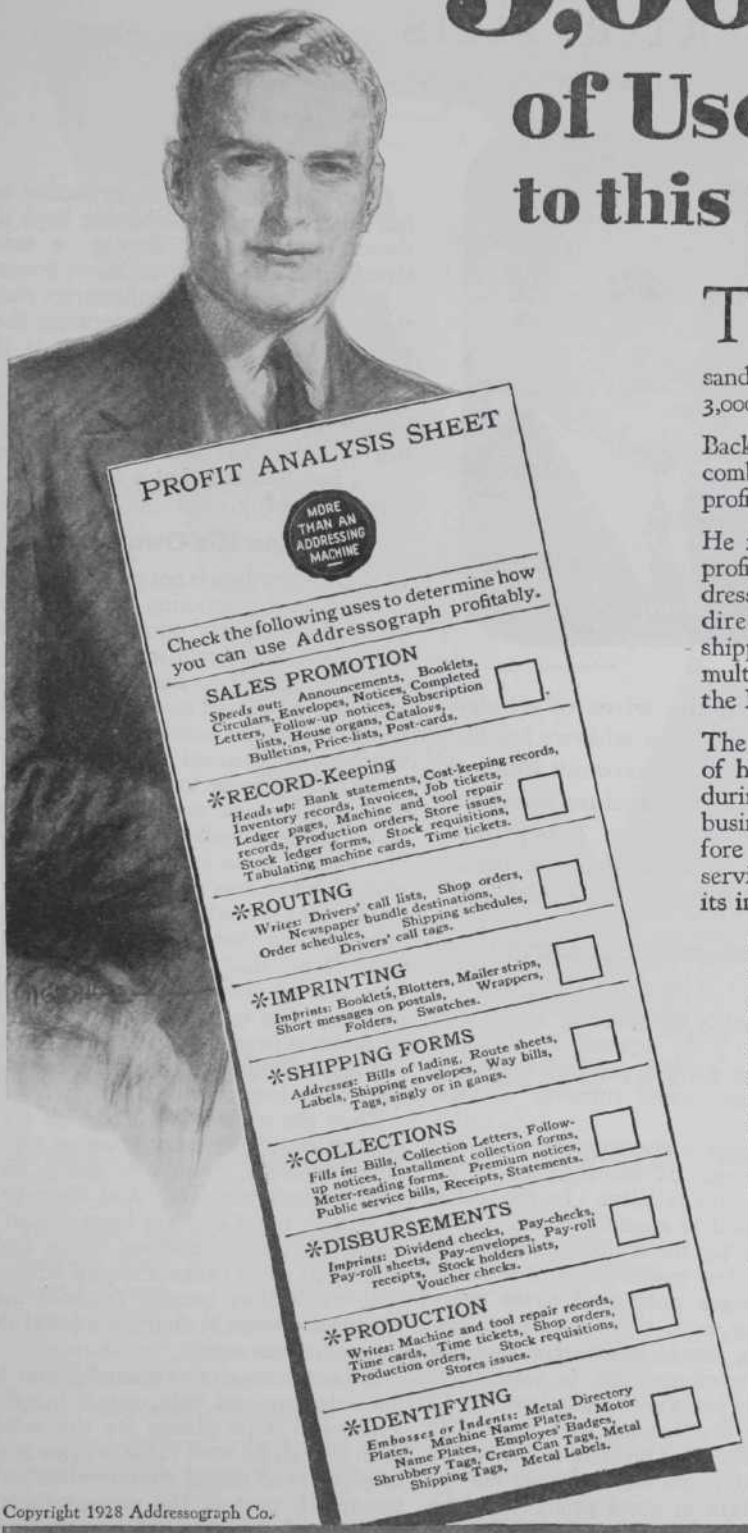
The failing merchant not only loses his own capital, but the community loses *its* capital and *its* opportunity for employment as well. It is better for the individual and the community that the losing merchant go into a field productive enough to make his living, so that his living shall not come out of an accumulated capital representing his own and that of the community combined. Unless his situation is promptly corrected, a losing merchant lives *on* his town.

There is no escape from that proposition.

Unable to meet chain competition over the counter, local merchants must get over the habit of trying to meet it with legislation and regulation. It does not seem American, on the face of it, that success and efficiency should be penalized. There is no doubt that fair play will rule ultimately.

If you are wondering about the success of any chain, look at the men back of it. The system is important, but man is always more vital than method.

3,000 Classes of Users contribute to this man's knowledge



THE Addressograph representative brings to you methods of cutting expense, securing more business and increasing profits. The experiences of thousands of Addressograph users, engaged in more than 3,000 lines of activities, are at his command.

Back of him stands the Addressograph Research Bureau, combing the nation for detailed information regarding profitable ways of using Addressograph equipment.

He is a specialist in the huge work of increasing net profits by reducing costs of imprinting, listing and addressing modern business forms — whether they be direct mail campaigns, record forms, payroll checks, shipping tags, factory production forms or any of the multitude of Addressograph applications outlined on the Profit Analysis Sheet.

The Addressograph representative is qualified by reason of his own years of training in an organization built during the past 35 years to render a service that helps business make more money. He is equipped to lay before you, without obligation, a story of Addressograph service that has been an important part in building profits in thousands of large and small business institutions.

It will be to your advantage to have the Profit Analysis Sheet checked in every department of your business. Keep in mind that thousands upon thousands of users imprint, list and address 165 distinct business forms with Addressograph equipment 10 to 50 times faster than with pen or typewriter. This gives you a conception of the many profitable ways in which the Addressograph is being used. Our representative will explain the methods adaptable to your particular business.

A request from you will receive the prompt attention of our Research Bureau.

Sales and service agencies in the principal cities of the world

ADDRESSOGRAPH COMPANY, 901 W. Van Buren St.
CHICAGO

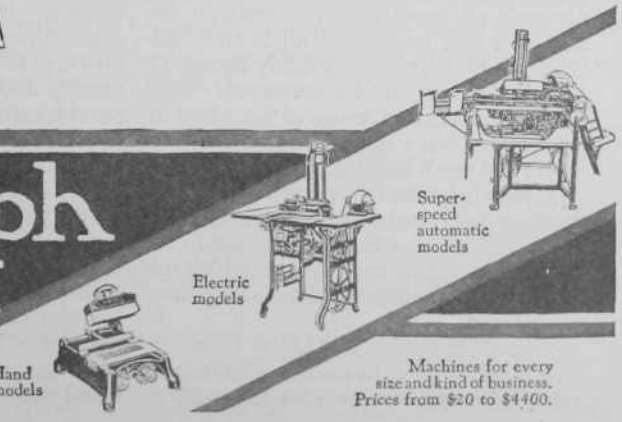
Canada: Toronto, Vancouver, Montreal. *European head office and factory:* London, England.

Manufacturers of
Graphotype Addressograph Dupligraph Cardograph

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Addressograph
TRADE MARK
PRINTS FROM TYPE

*More than an Addressing Machine



Machines for every size and kind of business. Prices from $20 to $4400.

The Wholesaler Must Fight Back

By ROBERT R. ELLIS

President, The Hessig-Ellis Drug Company, Memphis, Tennessee

I THINK I have found the origin of the stigma upon the wholesaler—that he is a useless interloper, a superfluous expense clogging the channels of distribution, a barnacle on the ship of commerce. It is in connection with the farming industry. In the dim dead past, farmers shipped carloads of cabbages, or a carload of eggs, chickens or strawberries, to a produce middleman or wholesaler.

The farmers had no representation nor organization and usually got a report back that the chickens all had the cholera, the cabbage was rotten, the strawberries had to be dumped into the sewerage with the request accompanying the report to send $83.00 to help defray the expense of getting rid of the debris.

I know in my home town, Memphis, Tennessee, this practice got so bad and it gave the town such an unfavorable reputation, that it hurt business generally and a city ordinance was passed protecting the farmers against such practices. I wish to disavow putting any stigma upon the produce merchants of today.

Since there is no other rudimentary cause, I have come to the conclusion that it is this stigma that by inertia we wholesalers have allowed to fall upon our shoulders and give a bad name to all wholesalers and make people think that we are not necessary and are a bad lot, unnecessary in the channels of distribution.

Wholesalers Are Necessary

THE fault is our own in complacently allowing such erroneous charges to go unchallenged. We allowed ourselves to become the goat for every shortcoming. I am a wholesaler and I am proud of it; my boy is today training for the service of a wholesaler. I do not know of any division of industry subject to fewer hazards nor whose position is more secure or has a brighter future. The very fact that through all these years of criticism we still live and breathe at all is sufficient evidence that we are absolutely necessary and that we cannot be destroyed. It is true, however, that many of the wives of wholesalers have been widows for fifteen years and don't know it.

Live wholesalers have, however, quit holding dead stocks in the name of service to fill an order that comes once in six months or a year, or two years, which the manufacturers themselves have long since abandoned.

Something better has taken its place, else it would be a live one. All business must have turnover in order to profit.



HARRIS AND EWING

"MANY of the wives of wholesalers have been widows for fifteen years and have not known it. We have allowed ourselves to be the goat too long. I am proud to be a wholesaler; live ones absolutely cannot be destroyed."

The necessity of reducing stocks and yet supplying the demand forcibly put forward one of the greatest truths in profit making, quick turnover of merchandise.

Quick turnover of merchandise is in the public interest. It was a life-saver for wholesalers and retailers. In the end it will be helpful to manufacturers. Quick turnover makes for sanitation, freshness, quick pay, few credit losses, few bankruptcies, larger profits. I could prove this in many ways.

Here is a simple illustration that has some shortcomings, but is worthy of thought. If one were to purchase for $1 true value merchandise and keep that article so purchased on his shelf for twelve months and would sell it for $2 his apparent margin or gross profit would be $1.00. As a matter of fact considering his carrying charges he has actually lost money and the public has suffered.

On the other hand, if he had sold that article the week he bought it for $1.10, thus saving for the purchaser $0.90, and each week thereafter for 52 weeks would reinvest and resell on the same basis, at the end of the year his profits would be $5.20 against $1.00. Thus he would have saved the public $46.80.

Of course, anything can be carried too far, but hand-to-mouth buying kept the stream of commerce flowing, a small stream at times, but nevertheless flowing.

By what right do manufacturers claim that wholesalers should underwrite their operations in advance? Why is it the wholesaler's responsibility to insure their financial success and prosperity by mass buying, by overbuying, by advance buying, in order that they may know just when, just how much of a commodity to manufacture?

Must Run His Own Business

SUCH a privilege is not given the wholesaler in the disposing of his merchandise. He must rely upon his own judgment, in his interpretation of the trend of the times and upon his general business acumen. More and more I see as a great necessity for the wholesaler that he should run his own business and not allow any other human being to run it for him and get down to real work. He must quit trying to hire so-called experts at so much per diem to come in and do his work for him. Success does not come that way.

There is a second industry which wholesalers invade that I warn them to stay away from; that is banking. It is high time that all divisions of industry should quit imposing upon bankers, attempting to make supermen of them. They are just average men and nothing more and have their own troubles.

They are expected to know all about production, about manufacturers, wholesalers, retailers, consumers, and in all of their various varieties. And the pity of it is that some bankers have gotten to think it is true themselves. I am astonished that some bankers should advocate that wholesalers become financial institutions and count it their failure that they do not become such.

If each converter or manufacturer had one salesman and only one, it would be a physical impossibility for the retailer even though he were three persons in one to given even casual consideration to an hundredth part of the presentations of the tens of thousands of manufacturers' representatives in an effort to sell their merchandise. The present condition of change is merely the survival of the fittest. We are a nation of individualists. We built up the greatest Republic in the whole world and it was because we are individualists.

Half of the population of the United States is in rural communities and towns under 2,500 population. Most of these

ELGIN PARISIENNE WATCH $35



DESIGNED BY THREE FRENCH STYLISTS OF THE PARIS GRAND COUTURE MADE BY ELGIN

To secure watch-designs reflecting the Paris mode and manner, Elgin consulted three French stylists of the Paris Grand Couture . . . Madame Jenny, Madame Charlotte, creative mind *de la maison* Premet, Madame Agnès, *modiste très moderne.* Under the personal guidance of each of these internationally famous women a special, *moderne,* dainty wrist watch has been created.

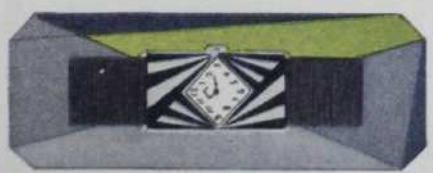
Never before such an exquisite watch, such a chic and styleful watch . . . such an utterly reliable and faithful watch for $35! . . . And a real Elgin! Which means a trustworthy timekeeper.

The case is fashioned with jade, black or ruby enamel. The movement is Elgin through and through . . . with the Elgin guarantee. The hitherto undreamed of low price is only possible because of Elgin efficiency and Elgin's great production . . . A practical, dependable timekeeper of enduring accuracy, as well as a beautiful piece of jewelry. These Elgin Parisienne models are now on display at all jewelers at $35 . . . Elgin National Watch Company, Elgin, U. S. A.

© Elgin, 1928



THE PREMET . . . When Premet gave that internationally famous frock *La Garçonne* to the world, smart women of *the haut monde* blessed the name and wore the frock. This chic house has now sponsored this new Elgin model. A genuine Elgin $35



THE MADAME AGNÈS . . . Throughout the smart, fashionable world the name of Madame Agnès, *la modiste,* stands for one thing, *chic, très moderne!* Now she has given America her conception of a wrist watch . . . enamel encrusted, delicately modeled $35



THE MADAME JENNY . . . In this exquisite wrist watch, the great Paris *couturière* has caught the exact spirit of the modern manner. The case is fashioned with jade, black or ruby enamel. The movement is Elgin which means watch accuracy the world over $35



New Colored Ripple Commencement Pens and Pencils

Alluring as Youth Itself

RADIANTLY beautiful in their two-tone ripple colorings, these new Waterman's fountain pens and pencils delight the eyes of thousands of American boys and girls—and appraising parents—especially at Commencement time.

Always the first choice of students the world over. The one faithful writing companion of childhood and old age, Waterman's now ascends the country's graduation platforms in the soft but sensible colorings of summer.

As a Commencement or class promotion gift, Waterman's continues unsurpassed in enduring acceptability. And for the older folks they offer in a wide variety of models the same superior qualities which have satisfied millions for more than forty years.



Colored *Ripple Rubber* Pens
$4.00 and $5.00

Pencils
$1.50 and $2.00



COMBINATION SETS
Pen and Pencil in Attractive Gift Box
Large Size $7.00 Smaller Size $5.50

HARD RUBBER is superior to all other materials for fountain pen holders. It is stainless, light, resilient and insures perfect writing comfort.

When produced in two-tone colors as illustrated above—Ripple-Blugreen, Ripple-Olive and Ripple-Rose—it acquires new and unexpected beauties.

Other Waterman's features of these beautiful new pens are the 14-carat gold point, patented spoon-feed, self-filling device that locks, pocket clip-cap, protective lip-guard, and large ink capacity.

L. E. Waterman Company
191 Broadway, New York
Chicago, Boston, SanFrancisco, Montreal

Waterman's

towns are too small to be covered by the manufacturer or his salesman. This part of our population, if the wholesaler were eliminated, would not have the opportunity to select their requirements from a very large assortment. I wonder how many manufacturers would send their representative to small villages.

Yet thousands and thousands of people who have the advantage of travel, of considerable learning and understanding and the wherewithal with which to gratify their most extravagant desires live in towns of four or five hundred or less population. Here the wholesaler steps in with his salesman and brings his knowledge of the prevailing styles in new merchandise, new selling plans which make it possible for the small-town retailer to supply the needs of his consuming public quite as well as his brother in the large cities.

Asset for Quick Turnover

A WHOLESALER'S stockrooms should be the retailer's warehouse. Every retailer is a millionaire in his own right if he only knew it, because there are millions and millions of stock in the wholesaler's warehouse, any item of which is his and all he has to do is ask for it. If this asset and privilege were exclusively used in buying for quick turnover, many of the ills that now beset distributors would be eliminated.

The wholesaler is absolutely indispensable, but the great problem is to teach both the retailer and the manufacturer how to get the most out of him.

Wholesalers must get rid of the price bugbear. Price maintenance is vitally essential. "Price fixing" is out of the question. I am thoroughly convinced that the wholesaler as set up today with the intelligence he has, if applied to the operations of his business, can meet any class of competition on common ground, if, I say, he will give only the services that the respective divisions of his competition render. This applies to buying clubs, the mutuals, the chain stores and the mail order houses.

There has been suggested the "formation of an Association of Wholesalers from varied industries." We each now have our individual trade Association, and I think, on mature consideration, that wholesalers will agree that the Chamber of Commerce of the United States fairly well represents the kind of an organization suggested; it is available, it is already organized, it is functioning; its founders builded better than they knew. The thousands of performances of inestimable value to business and to the public proves the efficiency of this, the greatest organization representing the greatest group of business men in the world, the American Business Men, and it measures up to every requirement of the present and every expectancy of the future.

It has never failed the American Business Man and in thus performing it has never lost sight of its earliest and strongest foundation stone and that is that if it is not for the interest of the public it is not for the interest of business.

Reduce your automobile insurance costs

PLACE your insurance with a company whose policyholders have never failed in forty-one years to receive a refund of at least one-fifth of the premium they have paid. The latest dividend rate of the American Mutual is 22%.

Accidents cost time and money . . . American Mutual engineers have succeeded in improving the accident records of many of our policyholders. "The Man at the Wheel" contains a few simple rules that will help you and your driver . . . just fill out and mail the coupon below.







Workmen's Compensation *Automobile Insurance*

AMERICAN MUTUAL

Send this coupon for "The Man at the Wheel"

Please send me your booklet "The Man at the Wheel" and full information and rates about automobile insurance.

Make of car_____ Year_____ Model or Type_____

Number of pleasure cars_____ of trucks_____

My insurance expires_____

Name _____ Address _____

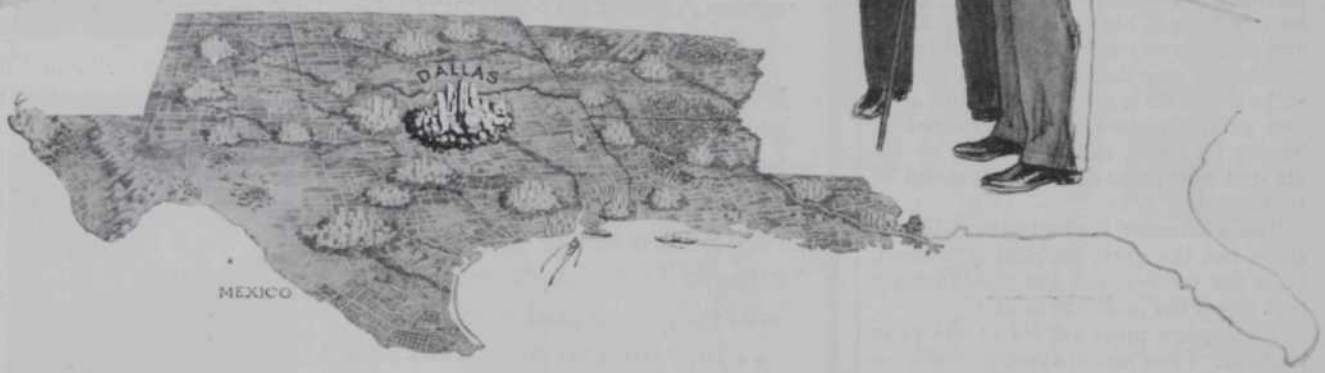
To the American Mutual Liability Insurance Company
142 Berkeley Street, Boston

When writing to American Mutual Liability Insurance Company *please mention Nation's Business.*

Dallas Presents

to American Industry a true picture of the Six Billion Dollar Market of the Great Southwest





IT IS an accepted fact that industry follows population and buying power when raw materials and other basic factors make possible successful operation.

This being true, American industry will be interested in this six billion dollar, self-contained market of 12 million people, known as the Southwest---Texas, Oklahoma, Arkansas and Louisiana.

The messages that Dallas will present to American Industry about the Southwest with Dallas as the logical center, will all be based on *facts*. No half-truths or propaganda will be resorted to.

Back of these messages and supporting the facts will be authentic data supplied through recent exhaustive surveys made by two of America's leading industrial engineering firms.

That the Southwest is a separate and distinct market that should be served from *within* is already recognized by hundreds of far sighted institutions now profitably operating here.

The object of this advertisement and others to follow is to present these facts to others who should be interested and who can profit thereby.

Dallas has for distribution to interested executives seven distinct pieces of literature. They are: 1. Market map covering all cities and towns and all forms of transportation. 2. Market analysis--growth of market, population, income, etc. 3. Serving the Southwest from Dallas--distribution of population and buying power --comparison with other markets. 4. Manufacturing facilities including labor, power, fuel, raw materials, taxation, factory sites, analysis of existing industries and manufacturing opportunities. 5. Dallas as a city in which to live. 6. Growth of Dallas. 7. Texas corporation laws.

Your inquiry will bring any or all of this illuminating and informative literature. Please address:

Industrial Dallas, *Inc.*
1103 Chamber of Commerce Building
Dallas

DALLAS
Pays a Deserved Tribute
***to* TEXAS**
OKLAHOMA
ARKANSAS
***and* LOUISIANA**

This advertisement is paid for by Dallas, but it is about the great Southwest. All that Dallas is or hopes to be is due to this six billion dollar market she serves.

Dallas' growth from 100,000 in 1910 to 280,000 today is because the Southwest has made this growth possible.

The Southwest produces more than one-half of the American cotton; more than 60% of the petroleum and more than three-fourths of the mohair.

Texas leads the nation in agriculture—its farm crops totaling more than a billion dollars annually.

Add to this more than two billion dollars in manufactured products and approximately a billion dollars in mineral products and we have sound reasons for the intense interest of industry in this rich territory as well as the reason for the trend of population swinging toward the Southwest.

Dallas
Industrial and Distribution Center of the Southwest-Twelve Million People -Six Billion Dollar Market • • • • •



How the Biggest Buyer Buys

By WILLIS J. BALLINGER



THE American Government is one of the biggest customers of American business. Of the $4,000,000,000 which each year it collects in taxes it pays out no small part for marble buildings, rubber-tipped lead pencils, motor trucks, and hundreds of other things. But every business man will tell you that the desirability of a customer is not measured alone by the amount he buys. His buying methods play a part.

What are the Government's buying methods? Complicated, Mr. Ballinger finds, moving towards more efficient methods but still far from them

GIRARD STEVENS is president of a corporation selling supplies to the Government. Like most men of his type, he is quick to see waste whether of time, money, or man power. Every month he holds a general conference with his subordinates and makes a house-cleaning survey.

He knows another corporation many times larger and more important than his own. It is a corporation which has several unique characteristics. It never has to fear adversity. It spends billions of dollars. Its chances of failure are negligible, although its board of directors is often at odds with the president.

There are no monthly searches for waste. There is no unity of command, no flexibility of movement to meet an emergency. If extravagance is detected, a long wrangle is likely to ensue. It is the great corporation of Government.

Stevens has been interested for years in promoting businesslike methods in this corporation. He and other business leaders have been gratified by the spirit of economy which has laid hold of our Government in the last five or six years. Like every business man, Stevens has a direct interest in the welfare of the corporation of government. He has a taxpayer's interest, but he has another even more vital one. In his business Stevens has been close enough to government to make careful observations of its business capacities.

Just the other day Stevens made his monthly survey of his own corporation. The only suggestion was for the elimination of certain printing at a saving of $100 a year or so. But that saving was agreed upon and put into effect with a minimum of talk.

Steven's corporation bids an average of 300 times a year. A bid is an offer to supply certain goods, in certain quantity, at a certain price. One, at least, of Steven's bids is for goods used by every department of the Government. In making this one bid Stevens' corporation has to make offers separately to hundreds of purchasing agents. In Stevens' own corporation there is only one purchasing department.

In the War Department alone there are hundreds of separate purchasing agents, although in the Navy Department there is a general purchasing agency which does nine-tenths of all purchasing for the department. The Navy has a few stations outside of Washington where supplies are purchasable in an emergency and in small quantities. But the great majority of these stations maintain no large field force.

Why, reflected Stevens, should two departments of the Government show such an astounding difference in administrative method? And yet Stevens knows that the corporation of government is the corporation where the archaic and the up-to-date often live side by side.

Stevens calculated that it took one clerk two hours to fill out an average bid completely. So he multiplied two hours by the hundreds of separate purchasing agents and the total of hundreds of hours of clerical work represented the time taken by Stevens' corporation to fill out only one of its bids to the Government.

Of course, not all of the bids of Stevens' corporation go to all of the purchasing agents of the Government, but a great majority of them go to at least two or three purchasing agents. Stevens believes that the hundreds of separate purchasing agents of the government could be reduced either to one general purchasing agent for the whole Government; or if, as military experts contend, the purchasing departments of the War and Navy must be kept separate, to three at most.

If this were done, his corporation would save a great many hundred hours of clerical work on one of its bids alone.

Stevens' corporation could save materially in other ways if the Government would consolidate its purchasing agencies. Practically every time it bids it has to put up a bid bond issued by a surety company as a guarantee that a corporation will enter into a contract if its bid is accepted. For each bond a surety company charges $2.50. On one bid, therefore, of Stevens' corporation, $2.50 must be multiplied by hundreds of different purchasing agents. One bid costs Stevens' corporation hundreds of dollars, of which nine-tenths could be saved under any reasonable consolidation scheme.

And if the consolidation of the purchasing departments of the Government would be an immediate pecuniary gain to Stevens' corporation and the many other corporations doing business with the Government, it would also be a prompt dollars-and-cents gain for governmental economy. One expert calculated that 40 per cent of the present

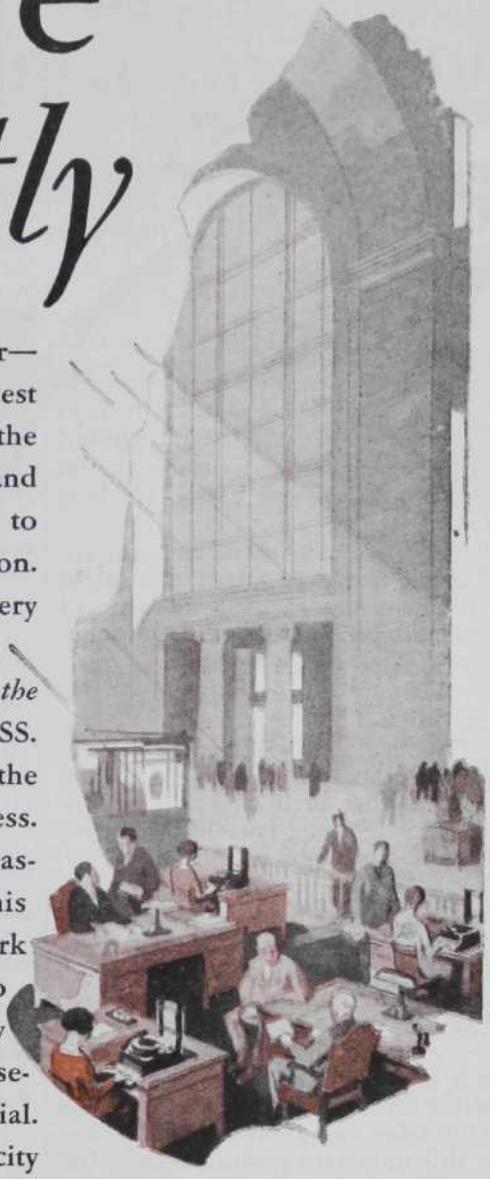
With velvet noiseless



The New Remington-Noiseless is the typewriter of today—for two decisive reasons. It is noiseless—the only noiseless typewriter. It is, in every feature, a better writing machine. The very construction which makes it noiseless establishes new and higher standards of work and service. The Remington-Noiseless is built throughout with a mechanical precision without a parallel in typewriter manufacture. It must be, to eliminate friction and insure its quiet operation. And this same construction insures its superiority in every other operating feature. The Remington-Noiseless has a lightness of touch and an ease of operation which are a revelation to every stenographer. It is swift beyond comparison, its work is exceptional for its beauty, and above all, it is durable.

When writing to Remington Rand

touch .. it produces a distinctive letter *Quietly*



THE New Remington-Noiseless is *the* modern typewriter—the *only* writing machine which supplies one of the greatest needs of modern business life — Quietness. The use of the Remington-Noiseless gives freedom from typewriter din and clatter, freedom to concentrate, freedom to think, to plan, to execute, freedom *to work,* without disturbance or interruption. And the net result is a higher measure of efficiency for every office worker. Superior in every feature, built on principles which insure longer life and better service, it is *the only completely* efficient typewriter because, it is NOISELESS. Many of the greatest business institutions realizing the necessity of quietness have installed the Remington-Noiseless. Their satisfaction is attested through continued and increasing use of these machines. Stenographers operating this machine have found that they can do more and better work with less effort and maintain an even production with no afternoon shading off. To know and appreciate fully the mechanical superiorities of this machine and its noiselessness, have one placed in your offices for a few days' trial. Telephone the Remington Rand Business Service in your city or write us at Remington Rand Building, Buffalo, New York.

Remington Rand

BUSINESS SERVICE INC.

REMINGTON · KARDEX · SAFE-CABINET · DALTON · POWERS
KALAMAZOO · BAKER-VAWTER · LINE-A-TIME · LIBRARY BUREAU

Play the
SILVER KING



"Heard the good news? Old man Duffus finally cleared the water hole."

"Must have surprised the turtles he's bombarded for thirty-one long years!"

"Oh, they were all down in the silt—trying to hatch out the first eight balls he drove. But the old man will probably present us with a new club house. Tickled to death."

"What got him over—some favoring hurricane?"

"Not at all—the Silver King! Doug Smith told the old man he'd have to stop making high land out of our only water hole—lent him a Silver King and my how it worked!"

"How could even the King reform that ancient slice and hook addict?"

"Psychology, my dear boy, is no respecter of ages. Young or old, the so called dub merely tries too hard. And the confidence that comes to every man when he's playing the best ball made gives him more distance, better direction, smaller scores! The King takes one great uncertainty out of this uncertain game. Its use is the best piece of golfing psychology I know!"

Silver King—
Reg. U. S. Pat. Off.



[Imported by]
JOHN WANAMAKER
Wholesale Golf Distributors
NEW YORK BOSTON PHILADELPHIA
CHICAGO MEMPHIS LOS ANGELES

personnel of the Government's numerous purchasing agencies could be eliminated under consolidation. There would be, in addition, material savings in offices, lighting and heating bills, stationery and sundry other economies.

And Stevens has another vivid illustration of governmental chaos in mind. One of the most useful services that government renders today is to furnish business with daily statistics on the trend of business and trade. But this information doesn't come into Stevens' office in the form of a single pamphlet which brings together the total statistical findings of the Government. Instead, statistical information comes mailed into Stevens' corporation from an amazing number of sources. This puzzled Stevens, and he did a little questioning. He found that there were twelve separate bureaus collecting statistics on accidents located in widely distributed buildings and that there were ten different bureaus gathering facts on the prices of commodities.

Gets All the Prices

TO SAY that any or all of these fact-finding agencies should be abolished or that all could be consolidated would be unfair, but the list of, say, the agencies dealing with statistics of prices has an interest. Here it is, and necessarily complete:

1. Import and export prices. Bureau of Foreign and Domestic Commerce. Department of Commerce.
2. Retail prices of commodities. Department of Labor.
3. Prices of metals. Bureau of Mines. Department of Commerce.
4. Prices of crops raised on reclaimed areas. Department of the Interior.
5. Lumber. Forestry Service. Department of Agriculture.
6. General price statistics. Federal Reserve Board.
7. Statistics of prices of industries under investigation. Federal Trade Commission.
8. Statistics of prices of industries under investigation. Tariff Commission.
9. Survey of Current Business. Bureau of the Census. Department of Commerce.
10. Farm prices, Bureau of Agricultuural Economics. Department of Agriculture.

In all, Stevens discovered that there are over one hundred separate bureaus dealing with problems of statistics. An investigator trying to run down statistical information pertaining to a problem of business would have to wander many miles through numbers of buildings for information.

But multiplication in bids and apparent confusing in gathering statistics are not the only things which set the business man dealing with the Government to wondering why.

For instance, the Federal Government undertakes a great many engineering enterprises—building public roads and highways, erecting buildings, dredging rivers and harbors, conducting engineering tests of materials used in industry, surveying lands, draining swamps:

At present the Government has thirty-six independent engineer forces scattered through ten executive departments and independent agencies. One suggestion that has been made is that the Department of Interior be used as the basis for a Department of Public Works, in which all the engineering activities of the Federal Government might be housed under one roof.

Out of the thirty-six independent bureaus, offices and commissions doing engineering work for the Government only seven are concentrated in the Interior Department. These are the Geological Survey, Bureau of Reclamation, the Alaskan Railroad, the National Park Service, the General Land Office, the Office of Indian Affairs, and the Administration of Alaska and Hawaii. But, though there is this present nucleus for a Department of Public Works in the Interior Department, these seven related divisions are tucked away in different parts of the spacious Interior Building and carry on very separate existences. Their engineering staffs in many cases perform similar, perhaps identical, work in surveying, erection of buildings, construction of roads and highways.

Outside of the Interior Department the Government's engineering activities are many and are spread through many offices.

In the Agricultural Department there are engineering staffs in the Bureau of Public Roads and Forest Service.

In the War Department there are many engineering forces. There is the engineering staff of the Office of Chief of Engineers, of the Board of Engineers for Rivers and Harbors, of the Mississippi River Commission, of the California Debris Commission, of the Supervisor of the Harbor of New York.

Other engineering forces are: Northern and Northwestern Lakes Survey; Alaskan Cable and Telegraph System; National Military Parks Commission; Inland Waterways Commission; Bureau of Insular Affairs; Construction Service of the Quartermaster General; and District Engineer.

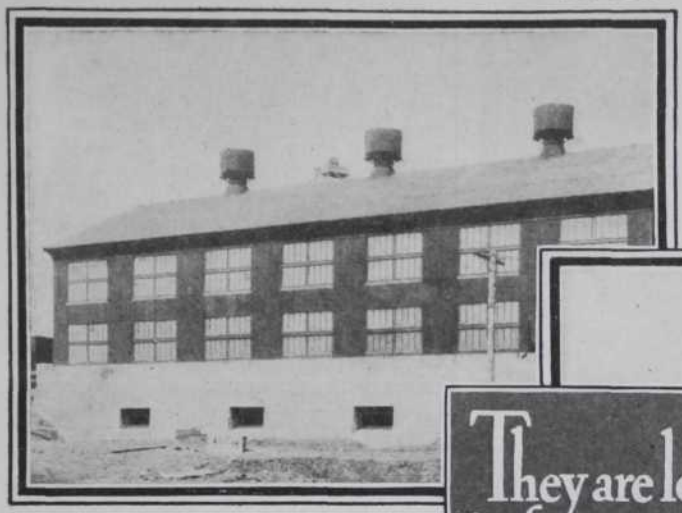
Sanitation Engineers

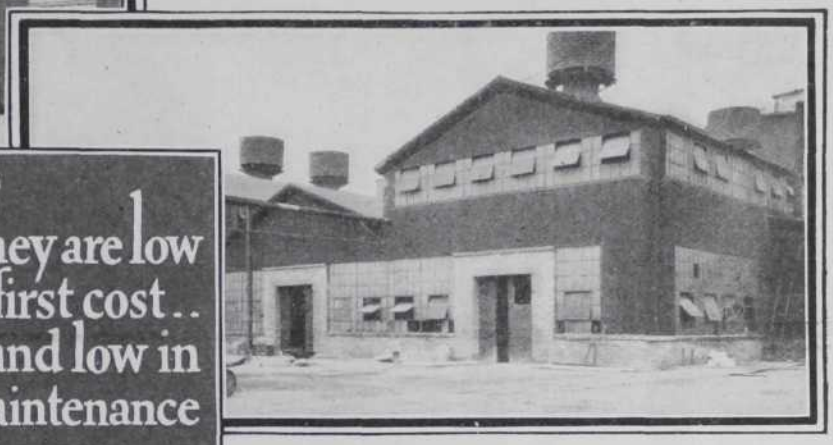
IN THE Treasury Department are two important engineering staffs—the Office of the Supervising Architect and the Public Health Service. The Supervising Architect plans and builds public buildings of all kinds, hospitals and lighthouses. The Public Health Service, with seven divisions, carries out scientific engineering measures to suppress epidemics and works in rural sanitation.

In the Department of Commerce there are four divisions engaged in engineering work. The Coast and Geodetic Survey surveys the coasts of the United States, the Bureau of Mines and the Bureau of Standards engage entensively in engineering problems relating to mining safety, government tests for the construction of standards and their application to industry, and the Bureau of Lighthouses maintains repair forces.

In the Navy Department there is the

Naturally: PRODUCTION COSTS are lower in these buildings





They are low in first cost.. ...and low in maintenance

customers say:-

"There has been nothing done to this RPM roof since its erection and it is in A-1 shape."—The Bullard Machine Tool Company, Bridgeport, Conn.

"The upkeep on our walls and roofs has been negligible."—Coxe Traveling Grate Company, Port Carbon, Pennsylvania.

"For the past eleven years . . . without any maintenance cost whatsoever."—The Bartlett Hayward Company, Baltimore, Maryland.

"There has been no maintenance cost whatsoever . . . We have had no trouble from any cause."—The Connecticut Adamant Plaster Company, New Haven, Connecticut.

"To date we have not expended a cent for maintenance . . . the service is severe on account of sulphurous acid fumes."—The Connecticut Company, New Haven, Connecticut.

"And this without any attention in the way of painting or other protection."—Corporation Gas and Water Works, Retford, England.

YOU establish part of your manufacturing costs when you erect your building. An unchangeable part, too. Every unit of the product you sell must carry its share of the cost of that building.

If your building costs much . . . or requires much maintenance . . . the share that must be added to your selling price will be large. And that is a serious matter, in these days of narrow profit margins per unit of sale.

No wonder "light construction" is coming into such prominence. Light steel framework and light corrugated materials for roofs and sidewalls. Buildings that represent a lower initial investment, and a lower charge to manufacturing. BUT, be sure the roof and sidewall material you select is durable, long-lived. Be sure it is corrosion-proof; and impervious to fumes, chemicals, water . . . For therein lies its true value. This type of building can be "written off" your books quickly *if you make certain that first cost is not continually increased by MAINTENANCE.*

You *can* be sure of that, if you build with RPM (Robertson Protected Metal). RPM roofing and siding has lasted for years under the worst of fume conditions . . . in practically every industry here and abroad . . . without maintenance, painting, or replacement.

Are you planning a new building? Or changes in present buildings? Let Robertson engineers submit suggestions. They will save you money. Just send blueprints or sketches. No obligations.

H. H. ROBERTSON COMPANY · 1st NATIONAL BANK BLDG., PITTSBURGH

ROBERTSON

WORLD WIDE BUILDING SERVICE

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partition planning service too!





IF you want to "get the most" out of your floor space through efficient partitioning and at the same time have a beautiful partition, call in a Hauserman Partition Specialist. Our service has a background of 11 years' successful partitioning experience, of great value to you. Consultation involves no obligation. *Write today.*

Planning Service
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Partitions for every purpose at any price.

THE E. F. HAUSERMAN CO.
Partition Specialists
6847 Grant Avenue, CLEVELAND, OHIO
Sales, Engineering and Erection Service at Branches in Thirteen Principal Cities

MOVABLE HAUSERMAN PARTITIONS STEEL

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Hydrographic Office, which collects and disseminates hydrographic and navigation data, provides maps and sailing information for the use of navigators, and there are at least nine independent establishments of the Government using engineer staffs. These are the Federal Power Commission; the Office of Public Buildings and Public Parks of the National Capital; the Panama Canal and Canal Zone, which has to do with large engineering problems affecting the Canal Zone; the United States Shipping Board and Emergency Fleet Corporation; the Board of Surveys and Maps, which coordinates all map-making and surveying activities of the Government; the Commission of Fine Arts, which is occupied with architectural problems relating to public statues, fountains, and monuments; the Rock Creek and Potomac Parkway Commission; the National Capital Park Commission, which has primary engineering duties in Rock Creek, the Potomac and Anacostia Rivers; the American Battle Monuments Commission.

Finally, many government departments have their own forces for repair, alteration and administration. There is the Bureau of Yards and Docks in the Navy Department, which does considerable construction work, and there is the construction division of the Veterans' Bureau, which does like work. The Office of the Architect of the Capitol includes an architect in charge, a supervising engineer, a superintendent of construction, and civil and plant engineers.

A contractor engaged in building highways and roads might have to keep in touch with fifteen independent road-building agencies of the Government. These are the Bureau of Reclamation, the Alaska Railroad, the National Park Service, the Office of Indian Affairs, the Office of the Administration of Alaska and Hawaii, the Bureau of Public Roads, the Forest Service, the District Engineer's Office, the Board of Road Commissioners for Alaska, the National Military Parks Commission, the Bureau of Insular Affairs, Construction Service of the Quartermaster General, the Office of Public Buildings and Public Parks of the National Capital, the Panama Canal and Canal Zone Office, the Rock Creek and Potomac Parkway Commission.

Variation of Efficiency

HOW costly this breaking up of the engineering activities of the Government is in hard cash is illustrated by a recent case about which there has been considerable gossip. Some time ago the Government had to build a number of hospitals. Instead of one engineering office undertaking this work, it was doled out to four bureaus. These were the Office of the Supervising Architect, the Construction Division of the Veterans' Bureau, the Construction Service of the Quartermaster General, and the Bureau of Yards and Docks of the Navy Department.

All of these engineering staffs were

constructing hospitals of practically the same size. But the cost of these practically identical hospitals varied considerably.

But the business may who surveys government and at first grows impatient learns to realize the essential differences between government and business. He recognizes that government labors under political handicaps and that the handicaps prevent the corporation of government from doing things as a private corporation would do them. Stevens knows from long experience and observation that government is politically unfitted for many business activities. And he is one who, for that reason, among others, questions the growing tendency for government to extend itself into the domain of private enterprise.

The Field for Government

A GREAT economist drew the line beyond which government should not venture in business. He said that there were two kinds of businesses—the standardized and the progressive. In the first, which could be reduced to routine, government might function. Perhaps such an institution is the Post Office.

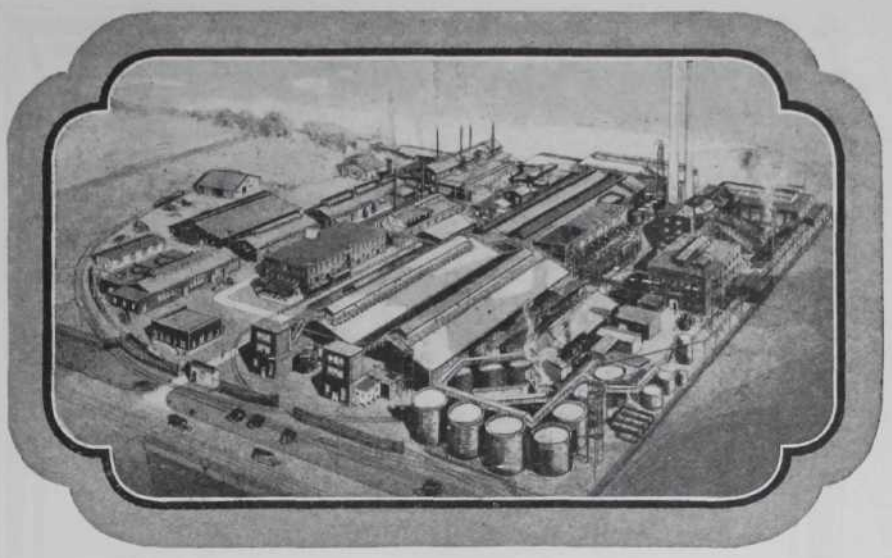
Opposed would be such a business as the electrical industry. Here new inventions are the basis of progress. Quick thinking is indispensable because electrical competition ushers in new inventions quickly and competitors must be on the lookout to keep step with progress. Put the electrical industry under government, and the source of progress—competition, quick adoption of new inventions, initiative—would be stifled.

Business depends on new ideas and their application. It is conceivable that in a socialized society great inventions might go on. By great inventions I mean those which appeal to imagination and fancy. Inventors often work for the sheer love of inventing. But this observation must be made. Inventing today has become a very humdrum process. Business depends today on minute elaboration of established processes and not always on the breaking of new ground. These minute elaborations do not captivate the imagination. Oftentimes they are deadly uninteresting and can only go on if there is an opportunity for an individual cash profit.

Government lives an appropriated existence. Government cannot fail because it has the power to levy and take. Private business depends upon salability; government, on its power to levy on the pocketbook of the citizen.

Business—private business—calls for initiative; it is a great tournament of ideas. There is less bustle and stir in the quiet waters of government, less of the immediate quick incentive to cut costs and increase profits. In business an idea put into operation, if it succeeds, means either a saving to a corporation or a wider market.

In any event it means a direct gain to a group of people who have to make a profit in order to get paid themselves. In



Ferguson Engineers doubled this plant—and gained four months extra output

A LITTLE over one year ago officials of Westvaco Chlorine Products Inc., were compelled to double the output of their large West Charlestown plant. They wanted action. And the work had to be done without interrupting normal operation.

It was a tremendous job—rehabilitating and enlarging the entire plant—constructing and equipping new buildings—designing and building one of the largest rotary converter stations in the world.

At first it was considered a practical impossibility to finish the work in a year. Yet Ferguson contracted to complete the entire operation in that time and at a definite price—and backed the contract with a written, binding guarantee.

***The job was finished in eight months*—at a great saving under the guaranteed maximum cost. And Westvaco gained four months of unhoped-for production in a plant pronounced a model of chemical plant construction.**

Only by the direct action obtainable through one complete engineering and construction organization could such a result have been secured.

Put your problem up to *Ferguson*.

THE H. K. FERGUSON COMPANY

Cleveland Office: Hanna Building . . *Phone:* Superior 3620
New York Office: 25 West 43rd St. . *Phone:* Vanderbilt 6361
Detroit Office: General Motors Bldg. . *Phone:* Empire 5586
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Ferguson
ENGINEERS

When writing to THE H. K. FERGUSON COMPANY *please mention Nation's Business*

Men and Machines

Back of men are machines. Back of earnings are still the machines. No statement of earnings can be correct unless it reflects correct treatment of the costs of operating and maintaining those machines. Such costs are best determined through American Appraisal Service.

THE AMERICAN APPRAISAL COMPANY

A NATIONAL ORGANIZATION

the corporation of government we have groups of officials and employes who cannot market ideas to their own direct financial gain. Hence they have no interest in them outside of a spirit of duty and a wish for service. Ideas that may mean economy in government operation if applied can yield no money return to their proposer.

There is missing in the corporation of government the incentive of personal gain for ideas advanced.

Three ways get people to accomplish things—coercion, incentive for personal gain, and altruism. Coercion is impossible in a democracy. Altruism is a motive not effective with all. Incentive for personal gain and advancement is common to most of us.

Efficiency vs. Politics

IN A private corporation even the humblest worker keeps a weather eye out for extravagance and waste. Workers for a private corporation know that they will be paid and will hold their jobs only so long as the corporation keeps out of adversity. When adversity comes this means retrenchment—reduction of salaries. Officials of a corporation are particularly aware of this fact, as the first retrenchment usually hits management. The working force of a corporation is unusually sensitive to the welfare of a corporation.

Among government employes no such direct interest can exist. Industrial adversity never affects government. There is always enough money to run the government.

Instead of there being any direct interest among government workers as there is among workers in private businesses to promote the prosperity of the concern they are working for, there is a direct interest among government workers not to promote efficiency. This arises out of the political nature of government. Politics are influenced by rewards of patronage. This is seemingly an ineradicable evil. Government economy means less patronage. Less patronage means less efficient politics for those who hold high elective offices. And so government economy is caught between a resistance of Congress to cut down on personnel and an hostility among government workers to the idea of sacrificing themselves out of a job by promoting efficiency.

The worker in private business likes efficiency because it means more prosperity, perhaps more pay, perhaps advancement if he or she puts across a good idea, and less likelihood of adverse retrenchment and unemployment.

The worker in the corporation of government may fear efficiency because it might mean a reduction of government forces.

But, as Mr. Kipling never did say Government is Government and Business is Business and

whenever the twain shall meet,
The business man will sputter and swear as
he waits at the Government's feet.

Use *this Coupon*—

NATION'S BUSINESS
Washington, D. C.

YOU may send me immediately upon publication copies (number indicated below) of the 1928 EXTRA EDITION, illustrated and containing addresses, reports and discussions at the 16th Annual Meeting of the U. S. Chamber of Commerce, held at Washington, May 7-11.
Please bill me later at 10 cents each for_____copies
My name and address,

in ordering for yourself, your friends, employes and business associates, additional copies of NATION'S BUSINESS EXTRA EDITION for 1928, published May 25.

When writing to THE AMERICAN APPRAISAL COMPANY *please mention Nation's Business*

The Law a Guide not a Hangman

(*Continued from page* 33)

anti-trust statutes should be enforced is that Uncle Sam should not be constantly on a punitive expedition to get big business; that business simply because it is large is not inherently bad; that mere size does not spell monopoly.

"Objection might be made," so Colonel Donovan conceded, "that when we pass on a plan of business merger or consolidation, we have given a signet of immunity. We have not. We don't even attempt to guarantee that there will be no prosecution. Any such intent is expressly disavowed to the interested parties. All we attempt to do is to deal with conditions as expressly stated. The parties involved are advised that if it is later disclosed that there are facts which warrant action, the Government reserves the right to proceed.

"The only information communicated to those interested is whether or not the Government finds a basis at the time for the institution of proceedings. The warning is expressly given that in the event further investigation or developments should disclose any violation of the law, the Department reserves to itself the right to institute such proceedings as it considers necessary.

Not Dislocating Industry

"UNDER this administration, the law has been as stringently enforced as ever before in its history, more fines have been collected, more decrees entered and cases disposed of more speedily; nevertheless all of this has been done without dislocation of industry. This is true because there has been no reckless bringing of suits; and before instituting proceedings the Government has thoroughly explored the case so that it has a full understanding of all of the facts.

"One of the essential obligations of the Department of Justice in dealing with the Anti-trust Law is to obtain greater certainty as to its proper application. With that in mind, the Department has steadily endeavored to bring to issue these questions which are yet doubtful in order that, by determination of the Supreme Court, industry shall have a more certain guaranty as to what it is permitted to do under the law. This is illustrated by those suits brought by the United States against the Trenton Potteries Company, Sisal Sales Corporation, General Electric Company and now against the motion picture industry.

"The department has encouraged the bringing of trade association problems to it, because it believes that proper associations afford in large part solution of many industrial problems. In conjunction with this it has urged trade associations to present their codes of ethics or their established trade practices to the Federal Trade Commission.

"It is the opinion of the Department

Selling Goods to England

A New Plan

The British market has 44,000,000 people of high purchasing power and thoroughly accustomed to American merchandise. An attractive market.

To serve this market, Britain's greatest railway system, the L M S, have evolved a new plan which solves efficiently many of the old problems, and sets a new record for economy.

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No more complete, nation-wide system of scientific distribution could be devised. It saves handling, saves time, saves truckage, saves damage, and above all, promotes sales, by placing merchandise right on top of the market.

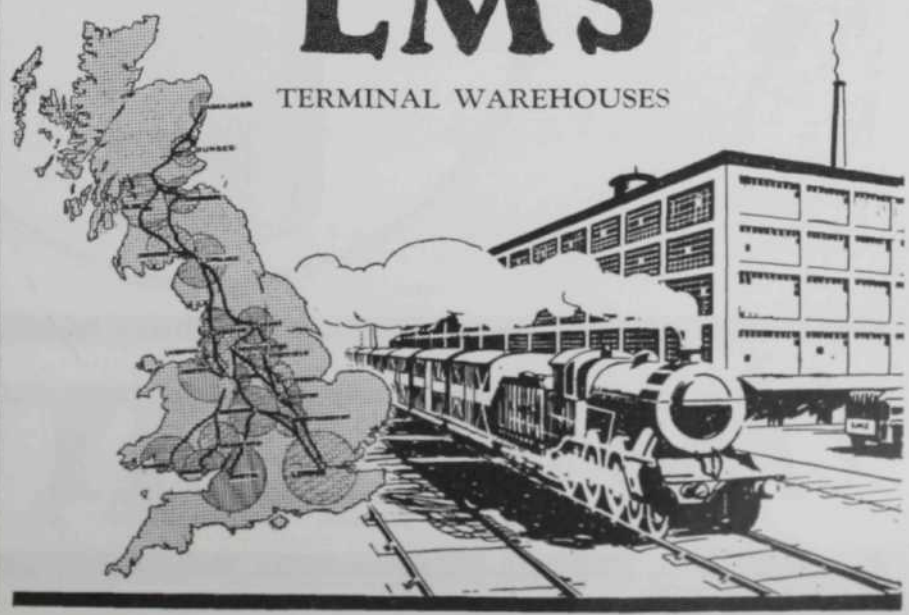
American exporters interested in the British market should not fail to send for illustrated booklet and further particulars of the L M S Marketing Plan, from—

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Freight Traffic Manager in America
LONDON MIDLAND AND SCOTTISH RAILWAY OF GREAT BRITAIN
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with reference to the present controversy concerning the necessity for repeal, modification, or increased stringency of the Sherman Law, that we are now passing through a period of economic transition, and because of that fact further legislation at this moment would be uncertain in result.

"It is the effort of the Department, by the employment of a sane and intelligent administration of the law, to make evident that the law as construed by the Supreme Court is effective enough to deal with violations, yet elastic enough to meet changing economic conditions.

"Too often business, instead of making a fight for what it believes to be its rights, will rush to what it considers the protection given by a statute. It asks Congress to pass a law, definitely conferring upon it a right which it is possible the courts might say under existing law it already has. Then when Congress does give that right it of necessity imposes restrictions and limitations.

Business Shackles Itself

"IF ONE of these restrictions is that the business shall make reports to a commission or be under the surveillance of a federal board, then business by its unwillingness to face the issue and submit its case to the interpretation of the courts has placed shackles upon itself.

"In other words, no business can hope to get greater rights so-called without submitting to closer supervision and restrictions with this result: Once business is under the supervision of boards or commissions, the great danger is, as we have seen exemplified, that it will not be willing to go in the front door and plead its cause, but it will be on the lookout for someone of influence to slip in the back door.

"It is the duty of industry in good faith to obey those rules which have been laid down as a standard of business conduct. Business has some who deliberately violate those rules; who consider it an attribute of business acumen to deceive the Government; whose attitude toward their government is one of antagonism. Such men are the banditti of business and should be dealt with summarily.

"The majority of business men desire to conform to the law. With them, however, there may be fear and uneasiness that come from uncertainty—uncertainty not only as to the interpretation placed upon certain statutes by the courts, but also as to the governmental administrative policy in dealing with those statutes.

"We have then, a reciprocal obligation between the representatives of industry and the representatives of government. It is in the public welfare if that obligation can be translated into confidence in the moral and intellectual integrity of each other. It is a healthy thing for our country that the honest business man, relying upon the intelligence and the fairness of his government, can go with his industrial plan and ascertain whether or not, if put into effect, it would incur the opposition of the Government. It is a

greater assurance of the public welfare that government will meet legal problems at the threshold and prevent the evils before they become violations of the law.

"And it is in the carrying out of that purpose that the Department of Justice has made clear that it considers it to be its duty to examine into all proposals of organization and methods not only of trade associations but of mergers and consolidations.

"Too often in the past corporations have been formed with no inquiry into their organization by governmental agencies. Either by deliberate purpose or by natural result these corporations attained monopolistic positions. Governmental intervention was invoked only after those concerns had been established and had been woven into the economic fibre of the country.

"A long process of inquiry and litigation followed. At times, even where evidence has been adduced sufficient to warrant a decree of dissolution, that decree has proved inadequate to restore the original status, or when effective has resulted in the disruption and dislocation of the industry. With that experience in mind we now endeavor to apply what seems to be a practical and intelligent method of meeting the problems presented by proposed combinations.

"Mergers are inquired into at their inception. Their financial structure, their purpose and their economic background are examined before they enter the field of business activity, and the question of whether they would be violative of the law is considered before a violation has been committed. This method is at once fair to the business men who desire to avoid conflict with the law, and those who are entitled to know the attitude of their government towards their effort. It is effective also in preserving the public interest by ascertaining the facts, and assuring that illegal combinations shall be dealt with at once."

Slogan Hunting

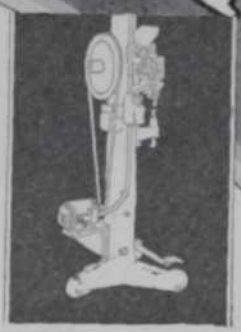
HOW BEST to salute the arrival of the first and last edition of *The Slogan News* we do not know. This miniature newspaper had its beginning and its end in a prize contest through which the company sought an impelling phrase to advance the use of blue prints. And "let blue prints tell your story" does seem apt enough.

Possibly we should take the cue of our acknowledgment from the portly blackface of the rousing headlines. But repartee in blackface would shade nearer to the vaudeville patter of Moran and Mack than to the characteristic forms in which editors exchange courtesies. Lest we be charged with evading that issue, we can and do praise the active spirit of enterprise signified by the contest. Slogans are no novelty; they are a national habit. But, even in this golden age of publicity, not every slogan becomes *News*.



When writing to San Diego Chamber of Commerce please mention Nation's Business

Wagner Motors



Motors for driving machine tools

The Wagner Electric Corporation makes a complete line of A. C. motors for machine tool applications. These motors can be furnished in open, closed or semi-enclosed designs.

Wagner Motors are available in the split-phase, repulsion-induction, squirrel cage, slip-ring, Fynn-Weichsel, and air-jacketed types, furnished with either sleeve or ball bearings for horizontal or vertical operation.

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Gold Mines for the Public

By WM. ATHERTON DUPUY

FRANK C. SCHRADER, veteran explorer of the Geological Survey, has a story of opportunities lost through neglecting to read and take heed of the information given in government bulletins.

Mr. Schrader himself once told in print where there were hidden millions of yellow gold. He gave directions for finding it. His information was published and distributed by the Government. Nobody paid any attention. Time passed, and casual prospectors (not because of anything they had read) drifted into the region of the hidden gold. They panned some of its sand and forthwith found themselves on the road to wealth.

Mapping a New Territory

ALL OF THIS took place at Nome, Alaska, at about the turn of the century. Alaska, at that time, was a little known waste, but the Federal Government was trying to get acquainted with it. Every season an expedition was being sent into the lost places. Streams, lakes, mountain ranges that had never been on the maps before were registering themselves.

Kingpin of the explorers was Geologist Schrader. With two or three of his fellows he would strike in from the Pacific coast by foot or dog team and mush until he struck the Yukon. That stream was Nature's highway to interior Alaska. They would build boats, go up or down the Yukon, follow one tributary after another to its source, scramble for days along the rim of one mountain range or another, always making maps, always looking for gold, copper, coal, whatever mineral might indicate that the Government had not acted unwisely when it gave Russia $7,000,000 for this corner of a continent.

In 1897–98 Schrader had followed streams that had led to the north into the Arctic Circle. Drifting down the muddy Yukon from the mouth of one of these to that of another, his party encountered the crystal clear waters of a stream coming in from the north. They pulled up into the clear water to fill their canteens and buckets. They studied the map for the name of the stream. It was the Klondike.

Valuable Frozen Assets

SCHRADER followed some other stream far to the northward. There, on a remote claim, he found a husky young chap named Tom Lippy, who had grown tired of the monotony of the life of a physical director in Seattle schools, working for $7 a day on another man's claim. He found relief from the mosquitoes in Lippy's cabin while he mapped the region. Returning to the Yukon, he learned that gold had been found on the Klondike and the rush was on. He could have been one of the early arrivals. Tom Lippy heard the news a month later, hurried to the new field, staked himself a claim, and panned $60,000 that first winter out of sand on which he had to build fires for purposes of thawing before he could work it, and took it back to the States the next summer in catsup bottles.

Schrader had come back for more map making in 1899. He had followed other streams to their starting points, had scaled other new-found mountains. Then, at the end of the season, he had caught a river steamer and made the long journey all the way to the mouth of the Yukon. Here, much to his surprise, he encountered another gold rush. The money metal had been found on the beach at Nome, just around the corner from the mouth of the Yukon. The sand was yielding a dollar a pan. Nuggets were being found as big as one's hand.

It seems never to have occurred to this government geologist that he might go out there on the beach and make himself a fortune. Instead, he bethought himself of the fact that a geological report on the region might be of value to his bureau.

So he went over to Nome, observed the tent houses scattered up and down the water front, the waves beating on the gently sloping beach, the bench of a gravel bank 10 to 20 feet high that rose back of it, the wasteland of tundra, marshy and almost impenetrable, beyond it.

Gold Washed by Ocean

SCHRADER found that all these people washing gold believed that it was thrown up by the angry waves. As a geologist he knew that nothing of the sort was happening. The waves, through the centuries, had eaten into these gravel banks. They had carried away the sand and gravel, which is comparatively light, but the gold, which is heavy, had remained. The ocean, through the centuries, had been concentrating this gold against the coming of these fortune seekers. Schrader sought to make the world understand the geology of this situation.

Then he began to flounder through the tundra to see if there were other vital facts with which the public should be acquainted. Despite the rankness of the overgrowing vegetation, he found, 15 miles back, an ancient geological footprint that gave him a stupendous thrill.

Here was a gently sloping bit of land and back of it an abrupt bench 10 feet high. The formation, often broken, could be traced for miles. There was no mistaking. This had once been a beach. The waves had beaten here for millions of years, and then there had been some disturbance, an upheaval. The coast line



A good photograph being impossible, an artist drew this machine of 200,000 pounds capacity testing a beam of Southern Pine 16 feet long, 12 inches wide and 6 inches thick. Notice how, under the tremendous load of 26,300 pounds, the beam has bent 3¾ inches without showing any signs of failure. In constructing a building an engineer would figure on this beam carrying only 9698 lbs., showing the immense factor of safety between the estimated load and the load the beam could actually carry.

Laboratory TESTS *Confirm* what *Good Builders Always knew* about DENSE LONG LEAF *Southern Pine*

FOR more than two centuries Long Leaf Southern Pine has well earned its distinction not only as the *strongest* structural wood, but as a wood with other important advantages to the builder and to industry—hardness, durability, resistance to moisture and nail holding tenacity.

Laboratory tests, too, have proved these Long Leaf Southern Pine advantages. One, alone—the government-maintained Forest Products Laboratory at Madison, Wis.—has made more than 500,000 tests.

Graphic illustrations of some of the major tests are shown here. *Always*, Long Leaf Southern Pine has demonstrated its superiority in tests of compression, hardness, shear and bending strength.

The supremacy of Long Leaf Southern Pine in the compression test shows its fitness to carry heavy loads as posts, as studs and as any other structural unit where the load is applied with the grain.

In the bending and shearing tests *dense* Long Leaf Southern Pine proves its ability to carry heavy loads when used as beams, joists, floors, or in any place where the load is at right angle to the grain. In load carrying, Long Leaf Southern Pine leads its nearest commercial softwood rival by the ratio of 160 to 137—more than 16%.

The hardness of Long Leaf Southern Pine makes it—without considering its beauty of grain and possibilities of finish—unrivalled for flooring, in factory or home.

Such tests as these are not the only aids offered for your guidance in wood construction. Southern Pine is trade-marked and grade-marked. Go into any lumber yard east of the Rocky Mountains and you will find as fine Long Leaf Southern Pine as ever went into construction. You can tell it by its trade-mark. You can judge it by its grade-mark—a grade-mark in accordance with American Lumber Standards. And every year, millions of trees are growing bigger and stronger.

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The Supreme Structural Wood of the World

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* *These letters at the right of "SPA" identify the grade. The designation here is one of 15 grade-marks appearing on lumber from Southern Pine Association mills.*



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"Labor's End" by the sculptor, Max Kalish

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As each day ends and you see the men filing out of your plant, are you sure their time cards represent the maximum returns to you? You can't be so assured unless you've provided adequate materials handling machinery to save the time otherwise wasted moving loads far too heavy for human strength.

Why not increase the return earning investment of your payroll by installing an Industrial Brownhoist locomotive crane of the proper size and type to handle your incoming raw materials, coal and the outgoing finished product? Our nearby representative will gladly talk over your handling problems and costs with you at your convenience.

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INDUSTRIAL BROWNHOIST

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had been lifted and the waterfront set 15 miles out.

It did not take the geologist long to draw a conclusion. If the waves at the present beach were sluicing out the sand and leaving the gold, they had done the very same thing at this ancient beach. Perhaps they had beaten longer here and the sands would be richer. Here, indeed, was material for his report. Here again is the psychology of the government scientist revealed, for it seems that it never occurred to Schrader to locate himself a string of claims and become a millionaire.

I asked him why he had not done so. He said it could not have been done. He was salaried by his Government to ascertain facts of value to the public. To use such facts in his own interest would have been quite out of the question.

Hid in a Government Pamphlet

SO SCHRADER came back to the States and tediously wrote his "Preliminary Report on the Cape Nome Gold Region." It appeared in 1900. It gave careful directions as to the marks by which the old beach might be known.

But nobody paid any attention. The beach was ultimately found, but not because of the information contained in any government publication. The overflow from the Nome waterfront eventually got back to it and began panning dirt from it. The greater part of the gold of the region, when decades had passed, had been taken from this bench where the waves had beaten long ago.

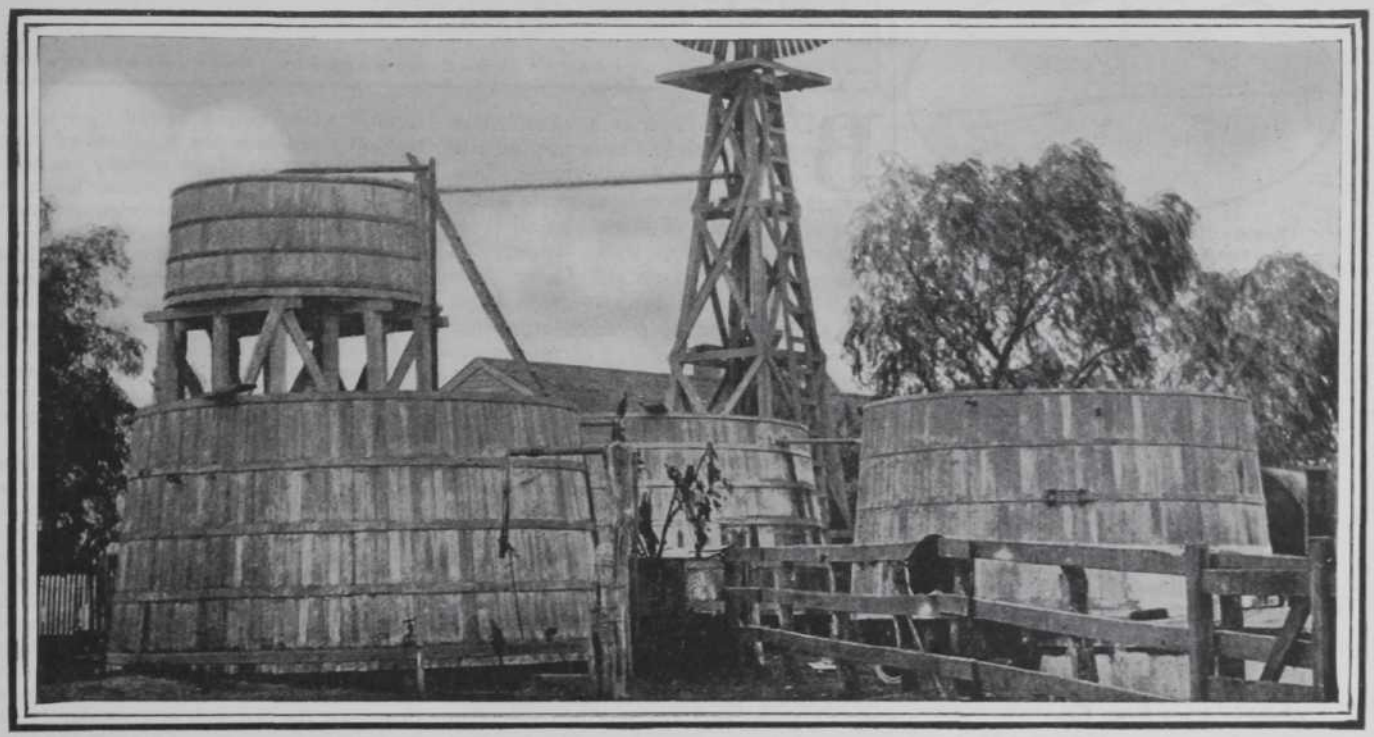
But when it was being found Schrader was making the most spectacular of all his trips of exploration. He had struck straight across Alaska from the Pacific, traveling no route where streams furnish highways. On foot and by dog team he had gone a thousand miles over a route that man had never before taken. He had not stopped until he had reached the Arctic Ocean.

He arrived at Point Barrow, farthest north of the American flag, and the last boat of the season had sailed two days before. It looked as though he was stranded here for a year. He was stranded when he had new facts to report to his public and new maps to show them. This would never do.

The southbound boat which he had missed, he knew, would stop at a point some hundred miles farther along to take on lignite coal found here in the Arctic. There was danger that the ice might close in at any time, but there was still open water along the shore. Schrader got himself a rowboat and an Eskimo and started out in pursuit of the steamer. That vessel had a two-day handicap, but he would overhaul it in a rowboat. And, strange as it may seem, he did so. There was yet a day for loading lignite when the geologist scrambled aboard, there in the midday twilight of an Arctic October. Schrader would get through with material for another government publication.

110 Years Old

—they still smile at moisture and the sun



THESE three old-timers set out in service shortly after Lewis and Clark set out for the unexplored West. And now, after a career on a Southern ranch, they are still on active duty—with never a thought of retirement.

Their striking testimony is only one of the thousand proofs of the durability of Tidewater Red Cypress. For this lumber is used the world over in shipbuilding. Millions of feet of it are used in industry. Thousands of homes where the owners want durability and beauty are being built with it; and hundreds of Colonial houses now standing reveal the fact that America is still too young to know how long a cypress structure can endure.

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Complete data on Tidewater Red Cypress, and suggestions for cutting down the operating expenses of your business and your home, await you in "Money Saved for Builders." This interesting booklet will be sent free on your request, together with a pamphlet on the industrial uses of this long-lived wood.

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What Other Editors Think



In the Civil War wall paper was sometimes used in the South for newspapers when newsprint was unobtainable

BECAUSE 1928 is a presidential year, much has been written and said about unemployment. Numerous estimates have been made of the total of those out of work. In all these estimates, however, there appears a strange lack of statistical facts. The range has been so wide as to create doubt in the minds of many commentators that there is really a problem of unemployment that justifies serious consideration.

Electrical World comments editorially:

Figures for unemployment in this country, freely bandied about, have attained a size that seems to have no basis other than that of political propaganda. The reliable available data show that the published unemployment figures for the country as a whole are in considerable part based on conditions of a seasonal or regional character.

The energy consumption of about three thousand manufacturing plants throughout the nation, compiled by the *Electrical World,* shows that the rate of production during February was about 16.2 per cent over December. This is slightly under the rate reported for the same period of 1927, but considerably over the rate of increase reported for the same month in 1924, 1925 or 1926. In the electrical industry there is a distinct feeling of optimism as to the trend in business, particularly since the first of March.

To show further how far wrong current figures of unemployment are there may be cited the conditions in Baltimore, which recently was chosen by the Department of Commerce as a test city for determining actual employment conditions. Some opinions placed the number of unemployed in Baltimore at 70,000, and a careful estimate made by the Chamber of Commerce in conjunction with the various labor organizations set the figure at 60,000.

An actual census made by the Department of Commerce gave the true figure as only 17,000, showing that the previous totals were hopelessly inaccurate. Unemployment figures are valuable to the executive as an aid in guiding his business. Unless they can be shown to be based on fact they should be cast aside as worthless.

The *Financial Chronicle* also expresses doubt of the accuracy of the estimates and ventures some analysis of the cause of unemployment:

It is obvious that figures, whether estimated or computed, that give only the total volume of unemployment for the entire country afford only a partial view of the state of business or the condition of labor. The wage earners of the country are not a definite mass of workers whose increased or diminished activity at any given time is a proper occasion for elation or alarm.

Seasonal demands, regional conditions, weather and accidents, immigration or emigration, changes in manufacturing or distributive processes, the disappearance of old wants and the development of new ones, all operate to draw labor from one place to another or from one occupation to another, and to balance unusual demand at certain points by slack demand at others.

The members of Congress who have been solicitous about the existing condition of unemployment might well consider the extent to which heavy taxation, federal, state and local, acts to discourage business expansion, particularly in the smaller businesses, and enforces economies which in turn operate to reduce the labor employed.

When a merchant or manufacturer must pay over from twenty to 40 per cent of his income to Government, and at the same time meet the demands of a constantly rising scale of wages, one of his first and most natural steps is to reduce his labor force to a minimum, even though he knows that by doing so he adds something to the number of the unemployed.

Unfounded Pessimism Blamed for Inflation

COMMENTING editorially on the financial situation in this country today, the *Paint, Oil and Chemical Review* sharply criticizes the gloomy attitude of the treasury officials:

Income tax day is over and at last the truth may be told to the long suffering public. Income tax day is like ground hog day. It would seem that if a ray of sunlight were allowed to seep out from the seamed and gloomy features of the Secretary of the Treasury, the treasurer or assistant treasurer of the United States until the day has passed into history all the year would be given up to moaning and lamentation.

But now we learn that, as we already suspected, the income tax is far in excess of the country's needs, a much larger reduction might have been made, the treasury continues to show a condition of repletion in spite of large and much exaggerated shipments of gold abroad. The finances of this country are in such marvelous condition that the only cloud on the horizon is that of inflation caused by too much money.

The New York Stock Exchange has been

ONLY A SCREW

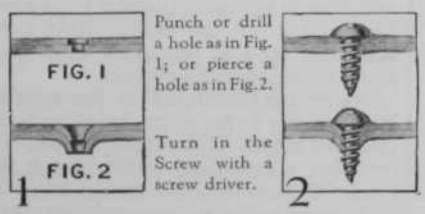


– yet it has revolutionized sheet metal assembly methods

TRULY remarkable—the way Parker-Kalon Hardened Self-tapping Sheet Metal Screws have simplified the art of joining sheet metal and making fastenings to sheet metal. These unique Screws have made it possible to make sheet metal assemblies with no greater effort or skill than is required to make a fastening to wood with wood screws.

This is the way it works

Nothing could be easier, nothing could be simpler:



Punch or drill a hole as in Fig. 1; or pierce a hole as in Fig. 2.

Turn in the Screw with a screw driver.

As the Screw is turned in with a screw driver, it cuts its own thread in the metal, like a tap. The assembled sections are bound firmly together and the result is a fastening invariably as good as, and frequently better than can be obtained by other more costly methods.

This is how you can save

By using Parker-Kalon Self-tapping Screws in place of machine screws, bolts, rivets or other devices for joining sheet metal, you effect an enormous saving in time and labor. Production, of course, is speeded up. But most important of all, you eliminate entirely the costly tapping operation with its frequent replacements of taps, due to breakage, and expensive upkeep of tapping machines.

This is what others save

Of the 35,000 concerns who are now making all kinds of sheet metal assemblies this better, easier, cheaper way, many are effecting savings as high as 50%, some even as much as 75%, over former methods. Manufacturers of almost every conceivable product made of sheet metal profit through the use of Self-tapping Screws.

These are typical users

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in the heart of New York City

WHEN completed this East River Generating Station of The New York Edison Company will be the largest power plant in the world. It will have a capacity nearly twice that of Muscle Shoals or Boulder Dam—more than the combined capacity of the American and Canadian developments at Niagara Falls! It will occupy space the equivalent of eight city blocks!

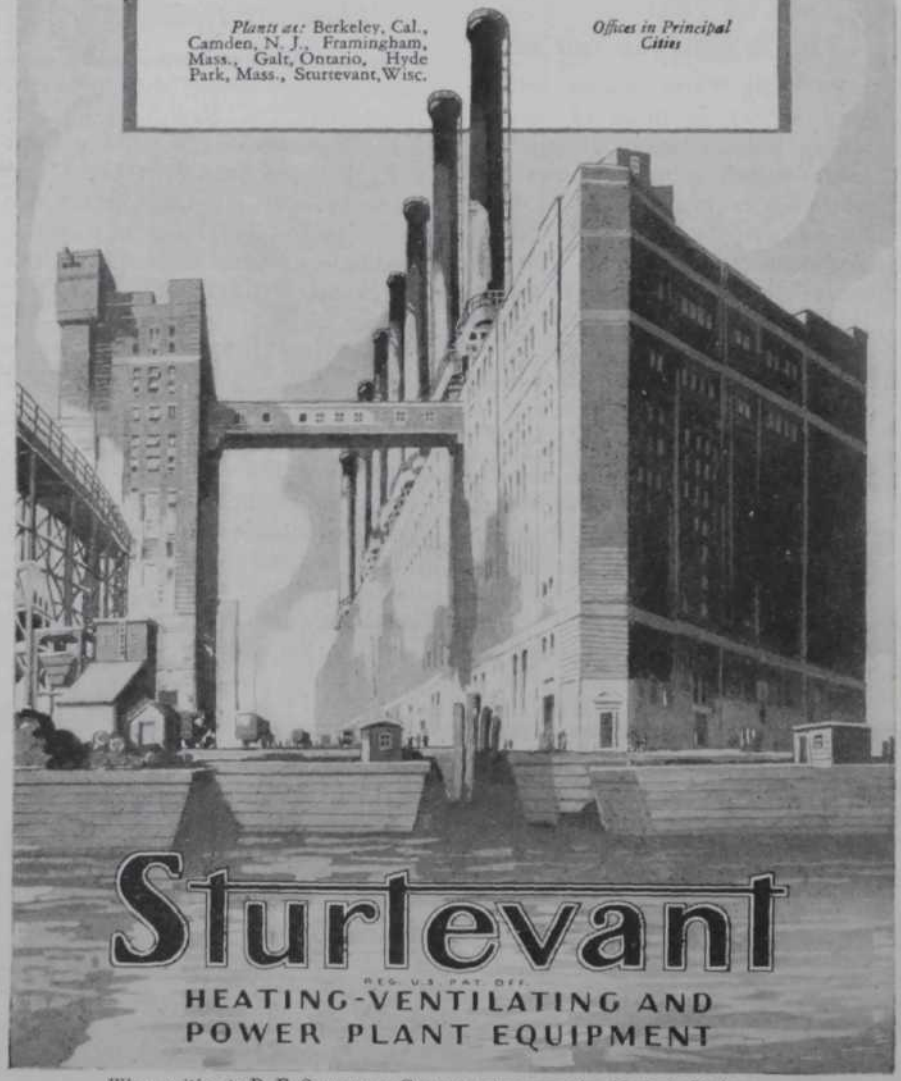
Reliability and economy of operation are of tremendous importance in a plant of this size. Only the most dependable and efficient equipment could meet the exacting requirements.

For the completed unit of this giant plant, now in operation, the engineers selected Sturtevant Forced and Induced Draft Fans, driven by Sturtevant Automatically Controlled Geared Turbines. Sturtevant Turbines also were selected to drive hot-well pumps.

B. F. STURTEVANT COMPANY
HYDE PARK, BOSTON, MASS.

Plants at: Berkeley, Cal., Camden, N. J., Framingham, Mass., Galt, Ontario, Hyde Park, Mass., Sturtevant, Wisc.

Offices in Principal Cities



Sturtevant
REG. U.S. PAT. OFF.
HEATING-VENTILATING AND POWER PLANT EQUIPMENT

When writing to B. F. STURTEVANT COMPANY *please mention Nation's Business*

the scene of the wildest speculatory mania ever known even in that hall of nth degree crapshooting. The danger of too much money is shown by the labor union agitator who argues that the nation owes him "a vote of thanks for striking and forcing the management to make industry more productive." The idea is that the public at large have so much money that they will always "pay the freight," no matter how unreasonable. This inflational fallacy must ultimately react when the public finally realizes it and the buyers' strike, long heralded, actually occurs.

What the American people need is sane stabilization, free from official gloom, gambling hysteria or labor agitator's fulminations; an opportunity to buy in a free open market, unaffected by manipulation either upward or downward, at actual prices based on costs plus reasonable profits and not smeared by concealed discounts, drawbacks, rebates, freight charges or other unethical and unfair practices.

We want all the sunlight we can get in business both for the good cheer and warmth it gives the public and for the increased visibility it affords for stopping up rat holes political, civic, and social.

Shoe Magazine Thinks Jazz Is Passing Out

IS THE craze for thrills in entertainment, in living, in dress on the wane? R. L. Prather in an article in the *Boot and Shoe Recorder* says it is. He notes the gradual disappearance of extreme styles in shoes and the return of more sensible modes. Of the decline of jazz he writes:

Those who keep an ear to the ground, or who study the signs of the times, can plainly note a wide swing of the pendulum, back, back to sanity. Back to more sound and safe ideas of living. Away from jazz and hilarity. Everything points to it. Observe for yourself if you doubt these statements. Take a good steady look at things as they are—not as you imagine them.

Next to driving one of the new Lady Lizzies what is the most popular sport today? Listening in on the radio. Ride around town and look at the roofs of houses—a forest of aerials and antennae.

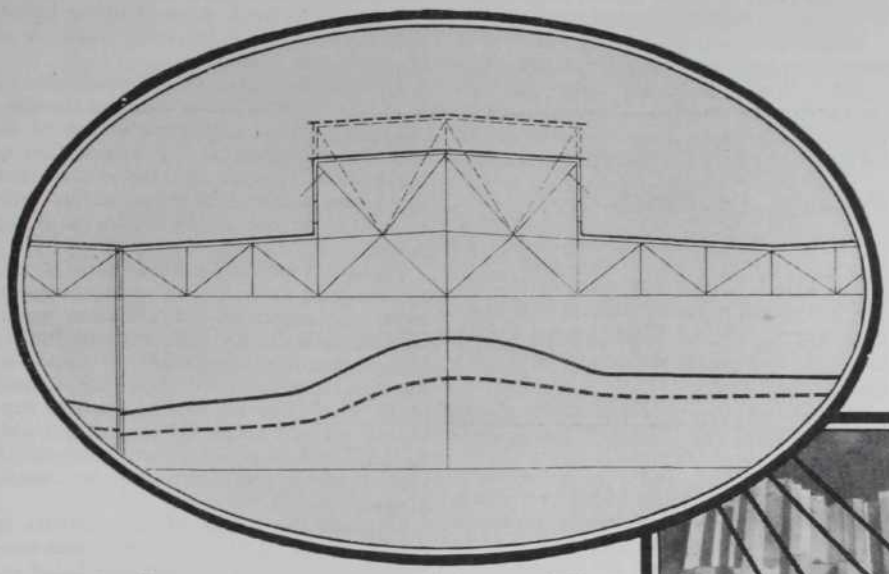
Where are the "folks" in the evenings? Right in the living room, listening to programs of music. Jazz music is passe. They tune out a jazz band mighty quick these days. It may astonish you to know that millions of letters are received daily by the stations asking for a repeat on some old-time song, old fiddler's playing, or a group of popular melodies of the past. This old-time music is so old that it is new to the younger generation and it is delightful to the ears of their elders.

Sex stuff is out of the picture as far as movies are concerned. Movie fans pass up the theater showing on its display boards anything savoring of raciness or jazz. That is, the great majority does. There are still a few wild ones who want "it."

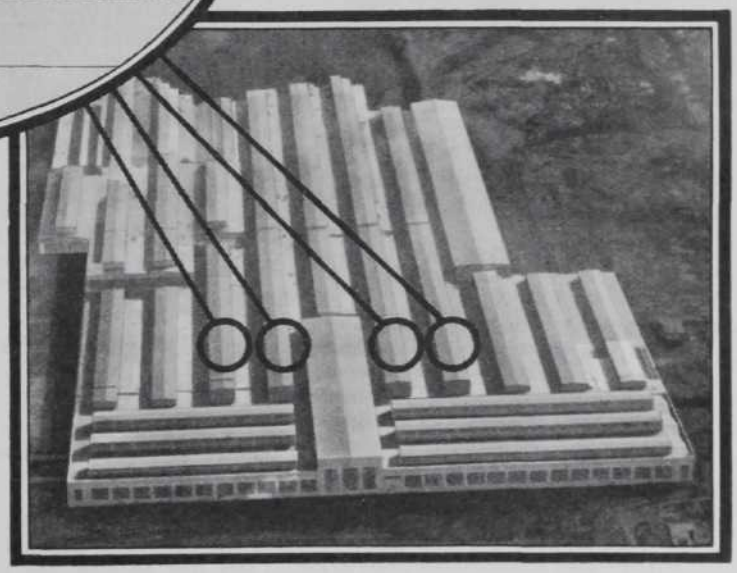
The flapper has quit flapping. High school girls vote solidly for simple raiment, such as middy blouse and plain skirt. Considerable gin is consumed by students in certain towns and neighborhoods, but that, too, is passing out.

The sex novel, the dirty magazine, the suggestive and foul-smelling literature has had its day and newsstands are barring it.

You ask what all this has to do with the







Above—Cross section showing daylighting curves (solid line) with 5-pane-high monitors, and (dotted line) with 3-pane-high monitors.

At right — Airplane view of the new General Motors Truck Corporation plant, Pontiac, Mich., showing the inside monitors which were increased in height.

Daylighting Curves . . told the story before the plant was built

Plant engineers of the General Motors Truck Corporation called in Fenestra's Department of Engineering Research to solve the daylighting problem in their new Pontiac plant — a plant 600 feet wide. "How high should the center monitors be built in order to give approximately uniform lighting?" was one of the questions they asked.

Daylighting curves were developed showing that by increasing the window height of the four center monitors from three panes to five, the desired result would be obtained. The plans were revised. The plant was built. And a later check-up showed that the daylighting had been successfully predetermined.

This is an example of the practical assistance Fenestra Engineers have to offer. Your architects or engineers may be confronted with problems relating to daylighting or natural ventilation when they are laying out the details for new buildings. Then, when the work is in the planning stage, call on Fenestra's Department of Engineering Research. This service is available to you without obligation.

DETROIT STEEL PRODUCTS COMPANY
Department of Engineering Research,
2236 East Grand Boulevard, Detroit, Michigan

Ask **Fenestra**



Tell Your Story to these 130,000 Leaders!

¶ In nearly 3,000 busy communities there are Rotary Clubs whose membership rosters represent executive heads and leaders—130,000 of them. These leaders cover every line of legitimate and ethical human endeavor.

¶ Try to visualize a market place of 130,000 men representing earning capacity of over $1,000,000,000 annually—men who are constantly in the market for every requirement of business, domestic and social life! This means *office, store, factory, home, travel* and *recreational pursuits.*

¶ Just a few of many interesting facts concerning this wonderful audience—

¶ Average annual personal income in excess of $10,000—

¶ 96% are married and have more than 250,000 children—

¶ 85% own their homes—over 100% automobile ownership—

¶ Own and operate more than 300,000 motor trucks—

¶ 63% of wives read this magazine regularly.

¶ The influence of these men on the civic, social and business life of their communities is something to conjure with.

¶ You can tell them and their families the story of your products through the advertising pages of their magazine—THE ROTARIAN—and be assured of their respectful attention and interest.

THE
ROTARIAN
The Magazine of Service
223 East Cullerton Street
Chicago, Illinois

shoe business? A whole darned lot, brother, if you only take time to think it over.

Habits of mind are usually reflected in dress. A jazz-thinking people will dress jazzily. A racy-minded people will dress in a racy manner. When people begin to sober up and turn their minds to sanity and orderliness they will dress accordingly.

Packers Are Operating on Dangerous Margin

DISTRIBUTION costs are attracting attention of many editors and business experts. The subject is regarded by many as the most important study in the next few years.

Concerning the problem as it affects meat packers, the *National Provisioner* says:

The meat packer's use of his beef dollar was shown recently in newspaper publicity furnished by one of the larger packers as a result of the year's beef operations.

This packer showed that for each dollar he received for beef he paid 85c to the producer of the cattle. It cost 14c out of each dollar to manufacture cattle into beef, and sell and deliver the product to the retailer.

Dangerously Small Profit

ONE CENT out of the 100 in each dollar remained as the packer's earnings. This is a dangerously narrow margin, and one that could be wiped out quickly by some unforeseen occurrence. Few industries are forced to operate on a basis of such limited returns.

On the other hand, the producer may feel that he does not always have earnings equivalent to those of the packer. He sees the packer's profit totals, which sometimes mount into the millions, but seldom does he compare the enormous volume of business turned over to produce these millions.

A misstep in the wrong direction during the period of production would easily throw the figures on the wrong side of the sheet.

Packers are constantly attempting to reduce their costs. They are seeking out wastes in production in an effort to bring this about. Perhaps even greater attention could be paid to distribution, although the meat packer's distribution costs are recognized as among the lowest of those in any industry. Yet undoubtedly there is waste.

Packers should look for the waste that is reducing their profits in their buying and sales departments, as well as in the plant.

New Theory Advanced for American Wealth

AN EXPLANATION of the position of the United States in world finance attributing its leadership to a century's growth and contradicting the prevalent belief that this country is the fortunate child of circumstances arising out of war is reported by the *Wall Street Journal:*

America's leadership in international finance and her position as the foremost creditor nation of the world are due far less to the economic gain she may have made as a result of the World War than to her steady forward progress over a period of more than a century, E. H. H. Simmons, president of the New York Stock Exchange, declared in an address before the members of the American Chamber of Commerce in London.

The speaker traced the establishment of adequate transportation facilities throughout the country, the development of its tremendous resources, the organization of the Federal Reserve banking system, and the consolidation into powerful and efficient units of the major industries of the nation.

These developments, he declared, "were all signs and tokens of an approaching era when our economic establishment would be able to maintain itself without further foreign borrowing and when by reason of its own economic evolution the United States would become able not only to supply all its own needs for capital, but also to find itself in possession of a surplus of capital which could regularly be loaned abroad.

"I stress the course of these events in America prior to 1914," Mr. Simmons continued, "because of the common belief on both sides of the Atlantic that the present position of the United States as an international lender has been directly due to the war. Actually, no conclusion could be more fallacious. The short-lived and largely artificial prosperity of the United States in 1915 and 1916, was rapidly blotted out by the enormous wastage of capital entailed by our participation in the war later on.

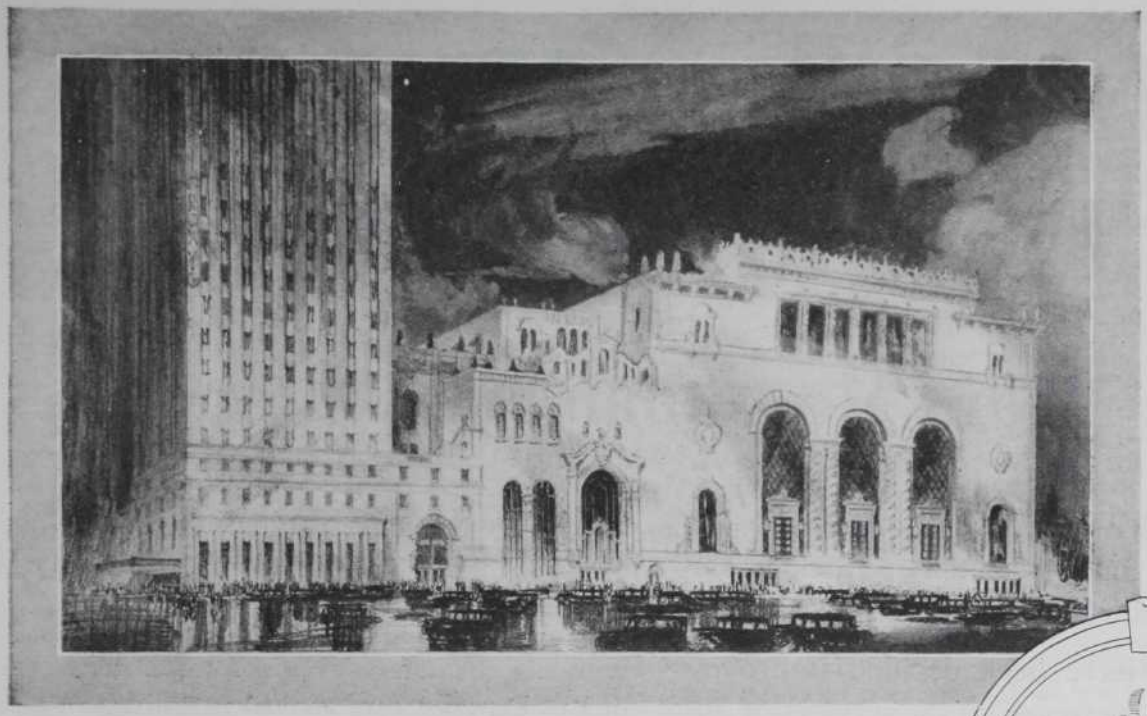
"A more critical examination of the United States today will reveal the same scars of economic loss and waste through war as are borne by the many European belligerent powers. Recently, when payments on American income tax were due, few sensible business men could well agree with the thesis that our recent national prosperity was founded on the war. Indeed, the serious business depression which swept the United States in 1919-1921 should be ample proof that our ability to lend funds abroad today can scarcely be attributed to the war.

Efficiency Makes Surplus

"ACTUALLY, our foreign lendings have resulted from efficient production and constant economy—the only true source of capital in the world. From this fact it also follows that America's present ability to lend funds abroad is no mere flash in the pan, but in reality the climax to a century of steady economic development.

"Today the United States has suddenly begun to share this international lending function with Great Britain, and because of this fact it is highly important that American finance closely cooperate with the older financial community of England in maintaining sound standards for international lending. Undue competition between London and New York might well result in a deterioration of financial methods employed by borrowing governments and business enterprises in many parts of the world.

"The need for closer accord between British and American finance is therefore not merely a pious sentiment, but a most important practical question, with large economic consequences on every hand. It would seem to be a most sound and constructive development if the large capital resources and business energy of Americans could be united with the high ideals and long experience of the British in the vast financial tasks which face the modern world."



The Roxy
Walter W. Ahlschlager
Architect
Chanin Construction Co.
General Contractor

The Roxy Theatre is protected by JOHNS-MANVILLE Built-up Asbestos Roofing

The Roxy Theatre was built at a cost of twelve million dollars. Here is the world's greatest theatre, the largest of pipe organs, a famous broadcasting studio, magnificent lobbies, comfortable dressing rooms, offices, club rooms and rehearsal halls all under one roof—and that roof of Johns-Manville Built-up Asbestos. The roof was chosen with full knowledge that it must give positive protection to one of the most costly interiors ever constructed.

The selection of this roofing to protect the beautiful appointments in the Roxy Theatre is one more endorsement of the record which Johns-Manville Built-up Asbestos Roofs have made all over the country. Tens of millions of square feet of Johns-Manville Built-up Asbestos Roofing cover theatres, large and small, factories, warehouses, railway stations, public buildings and many other structures.

For every building with a flat or low pitched roof, regardless of size or cost, this product of Johns-Manville offers guaranteed safety, long-lived and certain performance, with little or no maintenance costs. In fact years of use with no repairs is the general rule.

Johns-Manville— Master of Asbestos

More than fifty years of exhaustive study of Asbestos has established Johns-Manville as the world's foremost technicians in handling this useful mineral. Asbestos from mines owned by Johns-Manville is manufactured in our own factories into scores of products used to guard life and property, to conserve power and to serve many other uses.



All Industry is Served by Johns-Manville

Besides the Roxy and other famous theatres, millions of square feet of Johns-Manville Built-up Asbestos Roofs cover factories, warehouses, railroad structures and every type of building which requires fireproof, long-lived protection.

Johns-Manville Conserves Heat

On boiler pipes for high pressure steam, or the lower temperatures of home heating plants, Johns-Manville pipe insulations reduce heat losses to a minimum. Johns-Manville high temperature pipe insulations prevent losses by radiation, and avoid overheating of surroundings. On boiler pipes in residences, Improved Asbestocel saves householders tons of coal yearly.

Johns-Manville Packings Cut Costs

Johns-Manville Standardized packings provide a packing for every possible packing purpose. By using these packings, important savings are made by reducing the stocks required, by the long life of Johns-Manville packing, and, where friction is a factor, by doing away with the excessive friction of ordinary packing.

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Asbestos Miners and Manufacturers

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JOHNS-MANVILLE AUTHORIZED ROOFERS

Johns-Manville Authorized Roofers are trained in the proper application of our Built-up Asbestos Roofs. You can rely on our Authorized Roofers to do their work well, to charge fair prices, and to render businesslike and satisfactory service.

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Without obligation on my part, please send me information concerning Johns-Manville Built-Up Asbestos Roofing and the name of the nearest Johns-Manville Authorized Roofer.

Name.....

Address.....

B.U.-43-6

When a Busy Man* Took Time to Write This

He Meant More than Just Baloney!

"SEVERAL YEARS ago a large part of our time was taken up tracing cars and criticising the railroads.

"There have been decided improvements, however, in the services of all lines, and although in the past we received many complaints from our customers and salesmen, we now quite often receive letters commending the railroads on their services.

"In Chicago, in the past, we had considerable difficulty in getting material to the customers promptly. We have several large accounts in that city which must receive material on schedule time. We have found from experience that your road is one of the most dependable. We can go home in the evening feeling satisfied that the cars will reach Chicago on the fourth day.

"Mr. Wilkinson, our divisional sales manager at Chicago, advises me that the personal attention you have given to our business has helped him considerably with his customers. He mentions that one of his pool cars arrived in Chicago in three days.

"We also had a shipment of eight cars leaving Chester, which the originating road delivered to you five hours late. Somehow or other, in spite of that delay, all these cars reached Chicago on schedule time.

"I want to assure you that we appreciate the service rendered by the Erie Railroad and the personal attention which you have given to our business."

★ Mr. J. J. Inch
Traffic Manager
The Scott Paper Co.
Chester, Pa.

SHIP AND TRAVEL BY THE FAST ERIE SERVICE

LISTENING IN ON CONGRESS

Our observer rescues from oblivion some flights of wit and fancy overlooked by the more serious-minded press

And is it Iowah or Ioway?

PRESIDENTIAL primaries were in the senatorial air, when Mr. Steck (Iowa) protested as one "who has taken no active part on either side in Iowa, that money has not been spent in a secret way or in an open way or in any other way to any large extent on either side."

MR. HEFLIN (Ala.). The Senator does not know what has occurred in Iowa. If he learns to say "Iowa" like I say it, then I will yield to him.

MR. STECK. If the Senator will permit an observation—

MR. HEFLIN. No; the Senator draws out that "Iowa-h" too long.

MR. STECK. I was born in Iowa, if the Senator please. I learned to speak the name of Iowa when I was born. I know how it should be spoken.

MR. HEFLIN. Well, the Senator did not learn it right.

MR. STECK. It should be spoken "Iowah," and not "Ioway." There is no use of our quarreling about that, however, because that is something too small for us to quarrel about.

MR. HEFLIN. What I am objecting to is that it takes up too much time the way the Senator says it.

MR. STECK. As I understand, the Senator expects to take all the rest of the time up until 3 o'clock; so he should not object to my taking at least five minutes of it.

MR. HEFLIN. Mr. President, I cannot yield to the Senator further, because he said that he did not think this fund was used.

MR. STECK. I have been in Iowa. I think I know the conditions in Iowa. I am not quarreling with the Senator. I am merely saying that his information probably is not as direct or as good as the information of a Democrat from Iowa who has taken no part on either side of the fight.

MR. HEFLIN. The Senator is at least improving on the pronunciation of "Iowa."

MR. STECK. May I say that the Senator has heard sung so much the old song which we sing, where we pronounce it "Ioway," that he thinks that is the correct way. I suspect he has joined in singing the song many times, to the edification of the people generally, and to the glory of Iowa.

MR. HEFLIN. The Senator is so far away from Iowa that he does not know what happens day by day in Iowa; but if the Senator keeps on defending Alfred E. Smith and the Tammany tactics, it will not be long until he can stay always in Iowa.

Mr. President, I want this Borah resolution reintroduced; and we will pass it in this body and call these people before us, and start with Mayor Walker, of New York City. He is a smooth Al Smith artist. He is the slickest eel in the pond.

Mr. Neely Bursts out into Anecdote and Allusion

THE REPLY OF ONE of the Presidential candidates to Senator Borah's questionnaire respecting the dry law was receiving the attention of Senator Neely (W. Va.):

Mr. President, Mr. Hoover in this letter to Senator Borah reaches the sublimest height of epistolary humbuggery ever attained by man. When Mr. Hoover dictated this meaningless epistle he was evidently as irritable and belligerent as Thrasymachus was when, because of his inability to answer questions propounded by Socrates, he ill-naturedly accused the great philosopher of having a "stuffed nose" and of not having used his handkerchief as frequently as decency demanded.

To all of the important inquiries contained in Mr. Borah's questionnaire Mr. Hoover has been provokingly unresponsive. He is more exasperatingly evasive than the wicked wag whose sobbing young wife, when asked the cause of her grief, replied: "Every time I ask my husband if he likes my biscuits he tells me that I have beautiful eyes."

If Mr. Borah has maturely considered Mr. Hoover's monumental masterpiece of transcendent evasion he must appreciate the anguish with which Josh Billings said: "I would rather lead a blind mule on a towpath for a living, or retail soft klams from a ricketty wagon, than tew be an Interviewer and worry people with questions they wuz afrade tew answer and tew vain tew refuse."

We may safely assume that when our great British candidate for President reaches Chicago Mayor Thompson will tender him a reception of such magnificence and fervor as no American official has ever given a British subject since Gen. Andrew Jackson received Sir Edward Pakenham at New Orleans in 1815. Pakenham is reported to have written General Jackson a note in which he said: "If you do not surrender I will destroy your breastworks and eat breakfast in New Orleans Sunday morning." General Jackson replied: "If you do you will eat supper in hell Sunday night."

If Mr. Hoover participates in the primary in the Vice President's State his fate can be appropriately indicated by the following news item which once appeared in a metropolitan paper: "Yesterday on Fifth Avenue a colored man named William Washington attempted to drive his two-horse dray through a monster parade of the Ancient Order of Hibernians. If he had lived until next Saturday he would have been 36 years old."

When, pray, is the Nineteenth Hole?

MR. LAGUARDIA (N.Y.) was giving points to the House on certain phases of judicial procedure: "Only recently, out in Minnesota a judge took the trustees of one of the lodges of a great fraternal organization and sent all of these trustees, one of them an elderly man, to jail for one year for acts committed in the clubroom—to be specific, for drinking in the clubroom—about which, perhaps, the trustees had no knowledge. I refer to the great Order of Eagles.

"Now, if all the trustees of all the select clubs of my city and state, Minnesota, or any other state where drinking is going on, would be sent to jail, believe me, our foremost citizens would be wearing stripes and the social register could be used as the index for Atlanta.

"I will invite the same judge to be as stern, to enforce the law as vigorously, to every club and association or organization to which he or his set belongs. I will invite him to get after the trustees of the golf clubs and inspect the nineteenth hole of his and all the select golf clubs in the country. Let us see how many men will be sent to jail for being trustees of golf clubs or social clubs where the nineteenth hole is popular."

MR. ABERNETHY (N. C.). What is the nineteenth hole?

MR. LAGUARDIA. Has the gentleman ever played golf? It is the most attractive hole.

Wherein is Told of Turkeys and Thievery

IS IT CONCEIVABLE that a senator ever stole a turkey? A million voices cry "No!" But the point has been raised. Senator Stephens (Miss.) had the floor.

"Mr. President, this man enlisted three

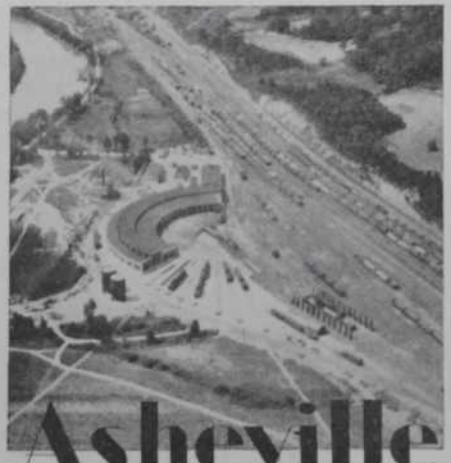
A close-at-hand Billion Dollar Market....

Plus Distribution Facilities Unequalled in the Southeast

ASHEVILLE, midway between Atlantic and Mississippi, Great Lakes and Gulf, with direct rail and motor-road connections in all direction, is within 24 hours of 60 million people. No other city in the Southeast enjoys equal distribution facilities with reference to both Washington and Western Gateways. In the freight yards pictured below, more than a million cars of freight are handled annually. Close at hand live 4½ million people who expend annually more than a billion dollars for commodities. More than half this market is within 4 hours drive over concrete highways. Asheville solves the distribution problem in the Southeast.

Unequalled opportunity is here for the manufacturer. 75,000 native born, white Americans in the neighboring mountains, intelligent, adept, willing to work, await the call of industry. They solve the labor problem. Raw materials are abundant. Hydro-electric power is plentiful and cheap. Climate and living conditions ideal. Taxes low.

Executives are invited to write to the ASHEVILLE CHAMBER OF COMMERCE for new booklet outlining industrial opportunities in the rich Asheville district.



Asheville
North Carolina

When writing please mention Nation's Business

times in the Army of the United States. Twice he was honorably discharged. During his third term of service he was tried and convicted of stealing two turkeys, valued at $3.

He was sentenced to nine months' imprisonment at hard labor and forfeited all of his pay and allowances, and actually served six months of that time, and then was dishonorably discharged.

MR. CARAWAY (Ark.). At least an amendment should be added to the bill providing that this man should pay for the turkeys, should it not?

MR. STEPHENS. He paid for them by his six months' hard labor. He paid for them by forfeiting his pay, all allowances, and so forth.

I think the turkeys have been paid for several times over.

MR. CARAWAY. Did the parties from whom he stole the turkeys get this labor?

MR. STEPHENS. The turkeys belonged to the Government.

MR. CARAWAY. Oh!

MR. STEPHENS. They belonged to the company of which he was a member. Therefore, the very party that lost the turkeys has been paid many times over for them.

MR. CARAWAY. They belonged to the captain of the company, did they? Where did this larceny occur?

MR. STEPHENS. Apparently it was out in Oklahoma. As Senators know, this section used to be a little wild. This was 20 years ago.

MR. CARAWAY. The Senator was extolling him for bravery a while ago. I thought he had enlisted during some war; but evidently he enlisted during a time of profound peace.

MR. STEPHENS. Oh, no; he served in the Spanish-American War.

MR. SHORTRIDGE (Calif.). Mr. President, is the value of these turkeys agreed upon?

MR. STEPHENS. Three dollars.

MR. CARAWAY. They must have been mighty small turkeys.

MR. STEPHENS. Turkeys were not as high priced in those days as they are now.

MR. BRUCE (Md.). Why does the Senator think he was such a brave soldier? He did not steal the turkeys under circumstances that certified to his bravery, did he?

MR. STEPHENS. It does require some courage, some bravery, to enlist three times and take the chances of going out and fighting.

MR. CARAWAY. Mr. President, I never did find out what act it was he was to be pensioned for. Was it for catching the turkeys?

MR. STEPHENS. I am not asking for any pension for him; I am asking that this black mark be stricken off his record.

MR. CARAWAY. The Senator is just attempting to erase from his record the fact that he had been convicted of an offense and dishonorably discharged. What the Senator is trying to accomplish by an act of Congress is this: To say that this man was honorably discharged when, as a matter of fact, he was discharged as a convicted thief. That is what the Senator is trying to do, is it not?

MR. STEPHENS. Yes, in one sense that is very true; but that has been done over and over again. However, I would not call a man who was serving as a soldier, a man who was in camp—

MR. CARAWAY. In time of peace.

MR. STEPHENS. Handicapped and tied down—I would not call him a thief simply because he went out and took a turkey. I have no doubt that some men in the sound of my voice have taken more than two turkeys, even in the same night.

MR. CARAWAY. What should the Senator call him?

MR. STEPHENS. I would call him a hungry soldier.

MR. CARAWAY. Not after he had eaten the two turkeys?

MR. STEPHENS. No; not after the turkeys had been eaten.

MR. BRUCE. I want to be able to vote intelligently. I cannot conceive under what system of ethics this application for relief can be made. The man was a thief and had been dishonorably discharged from the Army.

MR. STEPHENS. The Constitution provides that cruel and unusual punishment shall not be imposed.

MR. SHORTRIDGE. Mr. President, there have been innumerable cases of this kind where bills have been passed providing that their passage shall not result in any back pay or back pension; but if we are to pass this bill at all—and I think it should be passed—it may well be that this individual, who, it appears, was a brave soldier, might need some little assistance from our Government, and I believe if that should develop the Government should give it to him.

MR. SWANSON (Va.). If anyone wants to object to this bill it will go over. If a man's conscience is not satisfied as to its right and justice, he can object. There is no use calling a quorum.

MR. BRUCE. I am very much obliged to the Senator for his volunteer advice, but I suppose I am at liberty, nevertheless, to present my ideas about the matter.

MR. SWANSON. The Senator will do that whether it is better to do it or not. I have never seen a unanimous-consent agreement of that kind violated by the protracted discussion of a bill. All I ask is that the unanimous-consent agreement be carried out in good faith.

MR. BRUCE. I insist on the roll call.

MR. STEPHENS. If anybody indicates to me that he wants to object, I should be very glad to let this bill remain on the calendar and be considered another day.

MR. SHORTRIDGE. To cut the knot, I object.

MR. BRUCE. I do not propose to condone theft, and I do object.

WHAT THE ENGINEERS WERE TOLD



"GET all the facts about the best possible location for our factory. Don't limit yourselves to any one section. Look to future developments as well as present conditions. Then report to us."

Those instructions, in effect, have been given to various consulting engineers at different times during the last few years. Given by manufacturers who face sharp competition, and foresee even keener competition coming.

The reports they have received from their trained industrial investigators, backed up by their independent facts and figures, have been almost uniformly to this effect:

and what they found out

"IN some other sections you may find one or two elements of production will cost less, but in Piedmont Carolinas you find all these elements meeting at their lowest common focus. The average saving in production costs (depending on different types of industry) is equivalent to a substantial extra dividend on a year's operations."

Based on these facts, new plants coming to Piedmont Carolinas have averaged *one every five days* for the last twelve months. These are facts you cannot afford to ignore. They deserve your scrutiny and your careful consideration.

Do you know which of the raw materials you use are produced in Piedmont Carolinas? What the average wage scales run? Do you know what land and construction cost? Do you know about Piedmont Carolinas' 51.1% greater accessibility to the national market?



You need the fundamental facts given in *Piedmont Carolinas, Where Wealth Awaits You*, a book that tells just what you want to know. Brief. Condensed. Yet comprehensive and authoritative. Send for it—today.

Address Industrial Department, Room 115, Mercantile Building, Charlotte, N. C.



MARKETS

Goods must be *sold* as well as made, and too often the marketing situation is left out of consideration by engineers who specialize on production. But consider these facts:

Industry makes payrolls and payrolls make markets. Piedmont Carolinas is the South's outstanding industrial area.

It offers an active *local* market for quantities of goods that are not yet being manufactured here.

It is also strategically located with regard to four states on the Atlantic seaboard—Virginia, the Carolinas and Georgia—a rich, *sectional* market.

More, it is 300 miles nearer to the center of population than is, for example, New York City. A 600-mile shipping radius (the economical marketing circle) centered on that city reaches 44.5% of the country's total purchasing power. A similar circle, drawn from Piedmont Carolinas, reaches 66.8%—a more than 50% greater part of the *national* market.



DUKE POWER COMPANY

SOUTHERN PUBLIC UTILITIES COMPANY AND OTHER ALLIED INTERESTS



Interior of a Butler Ready-Made Building

All-Steel Factory Buildings

Shipped complete ready to erect

GREAT economy and satisfaction may be gained in the construction of industrial buildings, large or small, by ordering them, ready-made, from Butler. These complete, modern buildings are sturdy, fire-resistant, adaptable, and easy to put up. They are ideal, permanent structures, with provisions for expansion. They may be removed and re-erected with practically 100% salvage.

Butler Ready-Made Steel Buildings

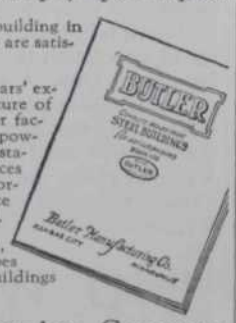
are ideal for many industries

Unlike ordinary corrugated steel, the galvanized wall and roof sheets used in Butler buildings have unusually deep, paneled corrugations that add amazingly to their stiffness and durability. Sheets are all 24 gage, rigidly bolted together and to the steel frame with galvanized bolts. Each building is designed to withstand wind pressure or snow load of 30 lbs. to the sq. foot.

Butler buildings are shipped complete with windows, doors, bracings, bolts and reinforcements. Each part is numbered to correspond with accompanying blue prints, permitting of quick assembling by local labor, if desired. Construction affords wide range of locations for windows and doors. Money-saving quotations, f. o. b. plant or erected, submitted promptly upon request.

The buyer of a Butler building in New Mexico writes: "We are satisfied in every respect."

Butler's twenty-seven years' experience in the manufacture of steel buildings suitable for factories, warehouses, stores, power houses, garages, filling stations, airport hangars, offices and numerous other important uses is at your service wherever you are located.



Send for catalog "B", which pictures and describes Butler ready-made steel buildings in detail.

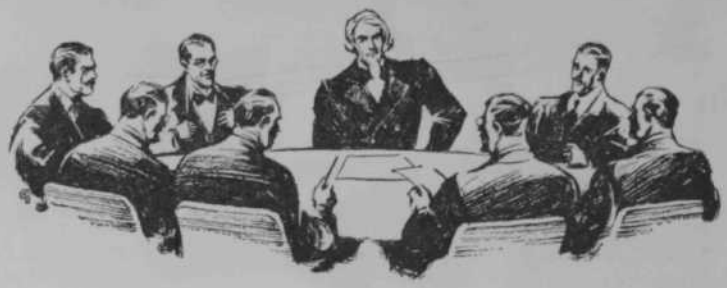
Butler Manufacturing Company

Kansas City, Mo. Minneapolis, Minn.

BUTLER

The Washington Spectator

By LEO A. BORAH



FORTY-NINE STIPULATIONS settling cases of alleged unfair trade practices were announced by the Federal Trade Commission in a month of record activity beginning March 22. Coming mostly from industries which have held trade practice conferences recently, the complaints seem to indicate the value of trade submittals and the eagerness of the industries to stage a general clean-up in their own houses.

An unusual complaint was against a manufacturer of candles for altar use in churches. The Commission found that the manufacturer had been advertising as "Beeswax Church and Altar Candles" a product neither wholly of beeswax nor strictly in keeping with ecclesiastical requirements for altar candles. The candlemaker promised to abandon the inaccurate use of the word "altar" and to make proper qualification in describing the composition of his product. (Stipulation 187.)

ACTIVITIES of the Federal Trade Commission are here summarized.

A marked increase is noted in the number of stipulation agreements and a decrease in the number of formal orders.

Rules for trade practice adopted by members of Virginia petroleum industry are announced.

The progress of the investigation of public utilities is described, the Commission reporting 2,000 returns from the first general questionnaire.

Tariff Commission figures show remarkable growth of the dye industry in this country.

Advertising phrases such as "country-style rolls," "fresh churned rolls," and "creamy richness—can't be beat" are held by the Commission to be inapplicable to oleomargarine because they tend to mislead the purchaser to believe the product to be creamery butter. In Stipulation 186, a manufacturer of oleomargarine agreed to drop these phrases.

False and misleading advertising and misbranding are among the commonest complaints considered by the Commission. To be advertised as wool or woolen, a product must be wholly of wool. The word "silk" may be used to describe only material of pure silk. Furs must not be given names in trade that lead buyers to believe they are skins of animals other than those from which they are taken. Hats must meet definite requirements to warrant being advertised as "beaver" or "panama." Mattresses made of materials other than cotton may not be sold as "cotton" mattresses. Ten respondents entered into stipulation agreements with the Commission to cease false and misleading advertising or misbranding of such goods. (Stipulations 146, 153, 158, 175, 178, 181, 185, 191, 179, and 180.)

Two companies promised to abide by the Commission's definition of Sheffield silverware or Sheffield plate in Stipulations 150 and 190. The Commission holds that silverware of any sort not manufactured in Sheffield, England, may not be branded or advertised as "Sheffield."

It is false and misleading in advertising jewelry to represent imitation gems as genuine. The Commission permitted a company selling and distributing such articles to sign Stipulation 161, an agreement to desist from the practice.

Publication of fictitious prices of fountain pens with the intent to make buyers believe the pens were being sold at a reduction was prohibited by the Commission. Two companies selling pens have agreed to discontinue the practice. (Stipulations 164, 176.)

The Commission is still hammering away at the misuse of the word "shellac" in branding or advertising gasket cement not 100 per cent shellac gum cut in alcohol. Unless the product measures up to requirements, it must be labeled plainly with words indicating that it is



AN X-RAY OF YOUR BUSINESS

. . . every day at nine

All the facts and figures you need to know brought to your notice daily

HERE is a method that uncovers inefficiency . . . that sends a piercing light into the very vitals of your business.

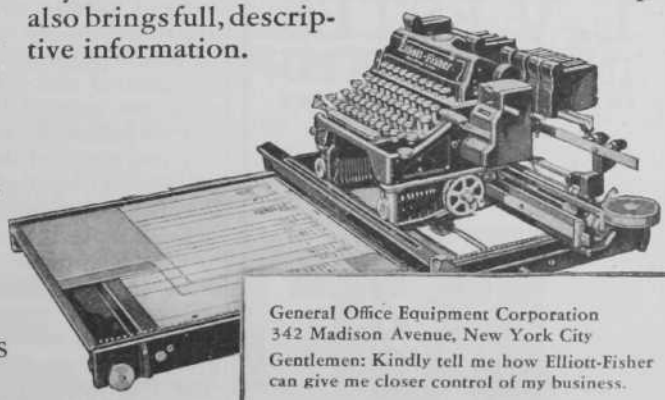
Figures and facts that you need to know—now, today—cannot avoid its powerful glare . . . cannot hide away unseen and unsuspected, gnawing away at your profits.

The activities of every department are recorded from day to day, week to week, and month to month. And each morning at nine all these vital figures are placed on your desk . . . focused in a single, simple, understandable report. A report which enables you to tell at a glance whether business is going ahead, slipping or standing still.

Elliott-Fisher accounting-writing equipment is doing this highly efficient job for thousands of businesses, and it can easily be applied to yours. Without adding a man to your payroll, or in any way complicating any system you may be using, Elliott-Fisher can be quickly adapted to *your* business.

Almost beyond belief, Elliott-Fisher will improve your present methods and combine the most complicated accounting details into a system of remarkable simplicity.

The story can be quickly told—the method convincingly demonstrated. Let us send our representative. Hand the coupon below to your secretary and ask her to fill it in and mail. The coupon also brings full, descriptive information.



Elliott-Fisher

FLAT SURFACE ACCOUNTING-WRITING MACHINES

Product of

General Office Equipment Corporation

342 Madison Avenue, New York

ALSO MAKERS OF SUNDSTRAND ADDING-FIGURING MACHINES

General Office Equipment Corporation
342 Madison Avenue, New York City

Gentlemen: Kindly tell me how Elliott-Fisher can give me closer control of my business.

Name_____

Address_____

DOUBLING THE ESTIMATE

$573,710.00 ADDED

To Net Profits

Again the value of Estes Service is demonstrated. In this group of eight industries, a net saving of $573,710.00 was made. The lowest unit net saving was $5,400.00—the largest $255,761.00. The total was more than double the estimate.

Our methods are simple and effective. They are not encumbered with a fixed formula or system. Each problem is attacked individually and the most effective line of action determined for each case.

"Making A Profit"

This book explains the soundness of our methods in attacking the problem of net profits, and indicates the value of our seasoned services to industry and commerce. Every manager should have a copy. A note of request will bring yours without delay. No obligation.

L. V. ESTES
INCORPORATED
INDUSTRIAL ENGINEERS
4753 Broadway
CHICAGO, ILLINOIS



merely a compound or that it contains no shellac. The Commission handled five "shellac" cases in Stipulations 147, 148, 152, 182, and 184.

In Stipulation 168, a firm manufacturing tools agreed to discontinue the use of the word "steel" in advertising tools made entirely or partly of metals other than steel. A maker of radio cabinets signed an agreement (Stipulation 183) to cease advertising as "mahogany" cabinets made of woods other than mahogany and to use the phrase "mahogany finish" in conjunction only with a plain statement of the kind of wood colored by the "mahogany finish."

Goods not made according to government specification may not be branded with any mark which would lead a purchaser to believe them government-specification products. In Stipulation 167, a paint manufacturer agreed to discontinue misbranding his product and in Stipulation 170 a shoe manufacturer entered into a like agreement.

Brands of geographical significance must be accurate, the Commission holds. Stipulations 151 and 162 are agreements of cigar companies to discontinue the use of the word "Havana" in branding or advertising cigars made of tobacco not wholly from the Island of Cuba. In Stipulation 163 a cigar manufacturer promised to drop the brand "Tampa" and cease advertising as "Tampa" cigars a product made of tobacco not grown near Tampa, Florida. A manufacturer of monuments agreed in Stipulation 166 to discontinue representations of ownership or control of certain famous quarries and to cease advertising his products as composed of materials from quarries in a certain widely known district.

An article not manufactured by artisans or workmen who are not members of unions may not be advertised as "Union Made," the Commission holds in Stipulation 157.

SIX correspondence schools agreed to desist from false and misleading advertising in Stipulations 154, 155, 156, 165, 173, and 195. The Commission holds that representations of reductions in rates of tuition may not be made unless the reductions are *bona fide*, that reports of results of the instruction must not be exaggerated and that claims to connections not enjoyed by the schools must not be published. Since the trade practice conference of the industry the Commission has handled a great number of these cases on complaints presented by subscribers to the conference submittals.

False and misleading advertising intended to make the public believe a company owns or controls mills or factories when it does not was prohibited by the Commission in Stipulations 149, 159, 160, 172, 188, and 193.

Resale price maintenance by unfair methods is forbidden by the Commission. A corporation manufacturing radio apparatus agreed in Stipulation 174 to discontinue certain efforts to maintain prices, and in Stipulation 177 a stove manufacturer made a similar agreement.

Price cutting on the part of a large ice cream manufacturing concern by means of operating a secret subsidiary company ostensibly as an independent company was revealed by the Commission in Stipulation 169. The subsidiary company is said to have sold ice cream in territories of the large company's competitors at prices below cost.

In Stipulation 189, a combination for control of the candy jobbing business in a certain territory was frustrated. The Commission found the respondents had entered into conspiracy to cut off supplies of competitors.

A candy company which had been promoting sales of its products by a prize giving scheme has agreed to discontinue the practice. (Stipulation 171.)

Seven corporations manufacturing imitation leather have signed an agreement with the Commission to discontinue trade practices tending to stifle competition. (Stipulation 192.)

IT IS SIGNIFICANT that in 52 cases before the Commmission between March 22 and April 19, only three formal orders were issued naming the respondents. More and more as the effects of trade submittals are felt, the Commission is able to handle complaints through stipulation agreements.

An order to a company to cease false and misleading advertising of watches, jewelry and plated ware has been issued against a Chicago company. (Docket 1431.)

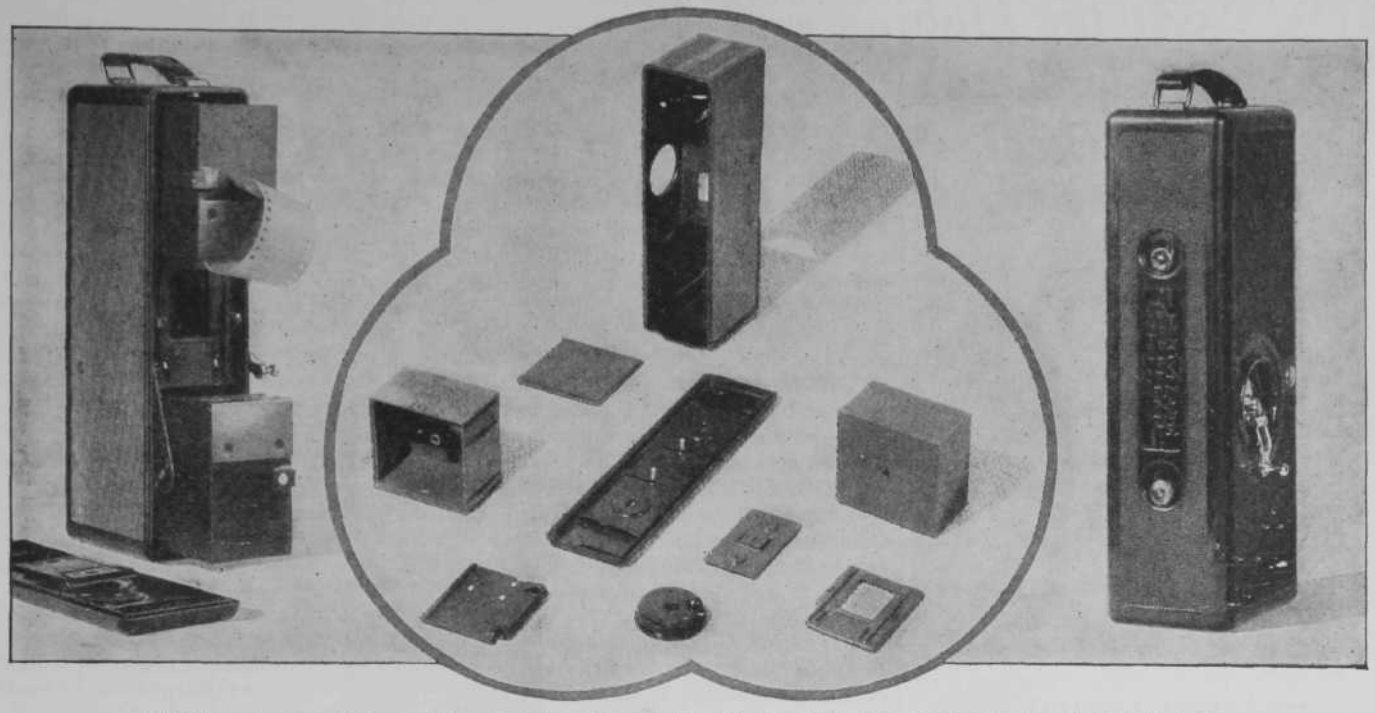
In Docket 1460, four companies engaged in the manufacture or distribution of a popular priced watch were ordered to cease efforts to maintain resale prices. The manufacturing company has its factories in Connecticut, and the three distributing companies are located in New York, Chicago, and San Francisco.

A Philadelphia manufacturer of dress goods has been forbidden to continue advertising as "wool" or "silk" without qualification goods that are not strictly of those materials. (Docket 1466.)

TRADE RULES for guidance of members of the petroleum industry in Virginia were adopted by these members at a trade practice conference under auspices of the Commission last May. The Commission made public the rules on March 21. It announced its approval of some, its disapproval of others, and its acceptance of the remainder as "expressions of the trade."

The Commission disapproved a statement by members of the industry that those who participated in the conference are to comply with the resolutions adopted by them only so long as they are lived up to by other dealers and that the participants reserve the right to "meet the competition" of competitors violating the rules.

One group of rules adopted by members of the industry condemns practices obviously unlawful. This is the group



The "Kamra" magazine camera and the Bakelite Molded parts used in it. The E'lison-Kamra, Inc., makers, Hollywood, Cal.

Sales compelling beauty— *at a sales promoting price*

HOW to translate brilliant conception into practical reality, is a problem which often confronts inventors and manufacturers. The inventor of the "Kamra" visioned a magazine camera that would take hundreds of pictures without reloading; that would be compact and small enough to fit into a coat pocket. And finally, one that could be produced in quantity at a moderate cost.

In the case of the "Kamra," as in that of many others, the solution was found in Bakelite Molded, and the final designs were made with a view to using this material. The camera case, within which are assembled all of the other parts, is formed in one piece, in a single operation. The box-like film magazines, which fit into the ends of the case, are formed of red Bakelite Molded, because the non-actinic property of this color safeguards the film against reflected light. Each of the other six parts shown is also of Bakelite Molded.

Because Bakelite Molded parts are formed to exact dimensions, assembly is simplified. No time is lost in machining or fitting. Because Bakelite Molded parts come from the mold with every detail sharply defined, and with a high surface lustre, buffing, etching and tooling are unnecessary. Because Bakelite Molded is obtainable in rich and attractive colors, neither enameling nor lacquering is required. These combined advantages made it possible to produce a camera of exceptional beauty, at a cost so moderate that a wide market for it was assured.

Bakelite Engineering Service. Intimate knowledge of thousands of varied applications of Bakelite Materials combined with eighteen years' experience in the development of phenol resins for industrial uses provides a valuable background for the cooperation offered by our engineers and research laboratories. Write for Booklet No. 42, "Bakelite Molded."

BAKELITE CORPORATION

247 Park Avenue, New York, N. Y. Chicago Office, 635 West 22nd Street
BAKELITE CORPORATION OF CANADA, LTD., 163 Dufferin Street, Toronto, Ont.

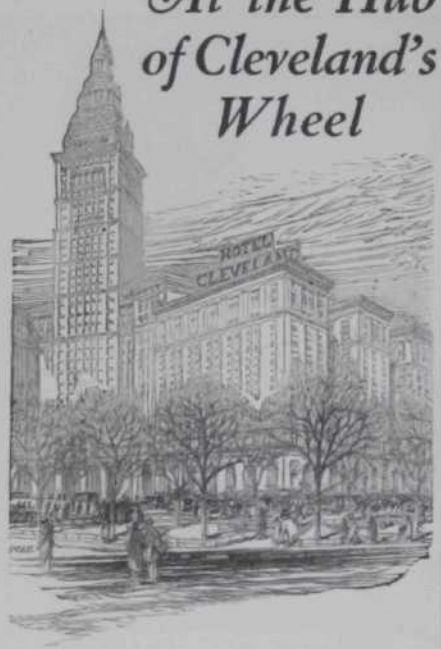
BAKELITE

REGISTERED U. S. PAT. OFF.

THE MATERIAL OF A THOUSAND USES

"The registered Trade Mark and Symbol shown above may be used only on products made from materials manufactured by Bakelite Corporation. Under the capital "B" is the numerical sign for infinity, or unlimited quantity. It symbolizes the infinite number of present and future uses of Bakelite Corporation's products."

At the Hub of Cleveland's Wheel



HOTEL CLEVELAND, adjoining Cleveland's new Union Terminal (the second tallest building in the world) is the most centrally located and most easily reached hotel in Cleveland. Within the shadow of the great Terminal Tower are the business and shopping districts to the east, wholesale houses to the west, Government buildings north and manufacturing south.

The reason travelers and Clevelanders alike prefer Hotel Cleveland is not alone this location advantage, great as it is. The appeal of the Cleveland—you'll sense it the moment you enter the wide-flung door—is the warm hospitality, the luxurious club-like surroundings, the genuine desire of every one of us that you heartily enjoy every moment of your stay in our city and in our hotel.

HOTEL CLEVELAND
PUBLIC SQUARE · CLEVELAND
1000 rooms with bath,
150 at $3 · Servidor Service

Most centrally located and most easily reached hotel in Cleveland.

Exceptional facilities for conventions (floor plans and full information on request.)

HOTEL CLEVELAND

approved by the commission. Another group relating to retail prices, coupon books, gifts, bonuses, lotteries, equipment and advertising rentals, rental of equipment and deliveries, was accepted by the Commission as an expression of the trade.

A third set of rules was disapproved by the Commission. It provided that deliveries of gasoline shall not be made from tank wagons into the fuel tanks of automobiles and that no refiner, distributor, jobber or wholesaler shall give to a dealer doing business with a competitor a greater extension of credit than that allowed by the competitor for the purpose of inducing the dealer to cease doing business with the competitor.

ANDREAS T. LUNDQUIST, of the legal division of the Federal Trade Commission, Washington, was appointed by the Commission to assume charge of its activities in the Pacific coast area with headquarters in San Francisco. Before entering the service of the Commission in 1924, Mr. Lundquist practiced law and engaged in legal research and editorial work. He is a graduate of the University of Minnesota and is a native of Wisconsin.



THE COMMISSION will ask for a supplemental appropriation of $101,500 for the next fiscal year beginning July 1, 1928, to cover the cost of its investigation of public utilities as called for in Senate Resolution No. 83, it was made known on March 26. The Commission has sent to the Bureau of the Budget for approval a supplemental estimate of the appropriation.

TWO THOUSAND returns from public utilities operating companies have been filed with the Commission as answers to the first general questionnaire sent out by the Commission in connection with its investigation of public utilities, the Commission made known in sending its second monthly report of progress to the Senate. The returns contain data regarding electric energy and gas on capacity, production, purchases, sales, interstate business, intercompany relationships, earning and investment. Additional reports are arriving daily.

THE DEPARTMENT OF COMMERCE has created a new section of its Domestic Commerce Division to handle the business of the small retail establishments. This group constitutes 79 per cent of all retailers operating. The main purpose of the new section is to help these smaller merchants to help themselves.

The smaller business men's questions include a great variety of subjects relating to profitable operation of retail stores. Inquiries from the meat and grocery trades are especially numerous. It is also interesting to note that queries from small merchants or citizens planning to engage in business on a limited scale comprise a substantial percentage of the 13,000 letters which have been received by the Domestic Commerce Division.

A GROWING MARKET in France for cereals and animal products, as well as an increasing demand for cotton and tobacco, are reported by Louis G. Michael, Department of Agriculture economist, who has been making a series of agricultural surveys of foreign countries. This should give a wider market for wheat and, to a less extent, for lard and pork products from the United States.

A STUDY made by the American Automobile Association, based on records of the emergency road service departments of its 958 motor clubs throughout the United States and Canada, shows that in spite of improvements in both fabric and structure of automobile tires in recent years motorists who formerly obtained from 15,000 to 20,000 miles from tires now secure only from 8,000 to 10,000 miles. This greatly decreased average mileage in spite of improved product is attributed to these several factors: High-powered engines permitting greater power and greater speed; improved roads encouraging high average speeds; smaller diameter wheels, necessitating more frequent road contacts for tires; quicker acceleration, tending toward tire abuse on starting; more powerful and more numerous brakes, submitting tires to greater wear on stopping.

ONE HUNDRED AND SEVEN radio stations throughout the United States now are broadcasting the farm market reports issued by the Bureau of Agricultural Economics, United States Department of Agriculture. The market news programs of these stations range from reports on a few agricultural commodities at local markets to complete statements on prices, shipments, and trade conditions for all farm products in leading consuming centers.

PRELIMINARY FIGURES compiled by the United States Tariff Commission show that the domestic production of coal-tar dyes for the calendar year 1927 exceeds the production of any previous year in the history of the American dye industry.

A TENTATIVE reduction in the number of automobile tire sizes from 24 to 16 was unanimously approved at the March meeting of the directors of the National Automobile Chamber of Commerce in New York City. The directors also adopted a suggestion that the Rubber Association of America and the Society of Automotive Engineers reach an early agreement on what the 16 proposed uniform sizes are to be.

When writing please mention Nation's Business

Many a Race is Won by the Man Who Doesn't Pull an Oar

Gradually but surely the more powerful crew slips behind. One foot—another—then another—the gap grows until the race is ended.

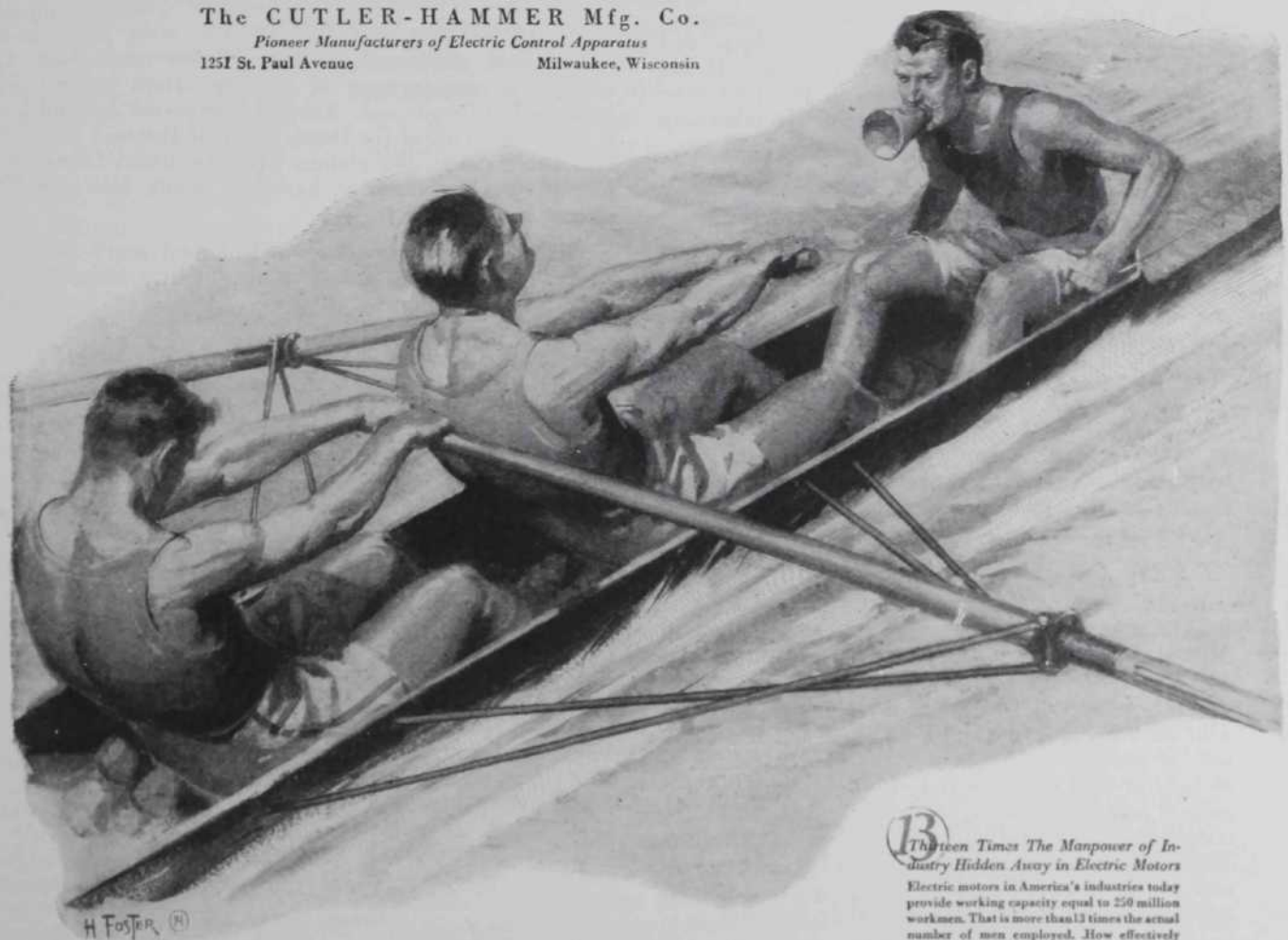
Such is a coxswain's victory—won by the man who doesn't pull an oar. His sole but important duty is to *control* power—and by his skill in coordinating the efforts of his men and in conserving their strength, he often snatches victory from a stronger crew.

In Industry, races are staged every day—races for profits. Power vies with power—and again the importance of accurate *control* stands out in bold relief. With fewer men and with less horsepower in electric motors many small plants daily pass larger rivals who sacrifice their productive strength by ineffective control.

If *your* plant is well manned and powerful in electric motor capacity, be sure your advantage is held and expanded by the champion coxswain of electric power, Cutler-Hammer Motor Control. You will find successful machinery builders feature C-H Control on the motorized machinery they sell and that most electric motor builders recommend it for every type of drive.

POWER WITHOUT *CONTROL* IS WORSE THAN WASTED

The CUTLER-HAMMER Mfg. Co.
Pioneer Manufacturers of Electric Control Apparatus
1251 St. Paul Avenue Milwaukee, Wisconsin



13 *Thirteen Times The Manpower of Industry Hidden Away in Electric Motors*

Electric motors in America's industries today provide working capacity equal to 250 million workmen. That is more than 13 times the actual number of men employed. How effectively this army of "unseen" workers is used to bring down costs is determined by the care with which Motor Control is selected.

CUTLER HAMMER

C-H

The Control Equipment Good Electric Motors Deserve

Where will this *grainless* wood be used next?

First produced two years ago. Now standard material in an ever-widening range of industries. New uses being discovered almost every day. Send for large, free sample, and put it to the test yourself!



TILE FOR BATHROOMS

Ever since the dawn of history, man's favorite material has been wood. Surely, it was assumed, this wonderful product of nature herself could not be improved. Yet two years ago, this seeming miracle was actually achieved, and there went forth into the world Masonite Presdwood—a genuine all-wood board that won't crack, check, split or splinter; in fact, a *grainless* wood!

Nor is that all. Presdwood possesses remarkable workability and uniform strength. Very dense and tough, it is also highly resistive to moisture. It has a very smooth, attractive surface on the face side, and requires no paint for protection. It takes any finish beautifully.

Because Presdwood contains no grit or foreign substance, it does not damage tools. It can be used on any woodworking machinery: saw, planer, sander, shaper. It can be cut out, punched, die cut and milled.

And when we say Presdwood is *all wood*, we mean just that. It is genuine wood and nothing else—wood torn apart and put together again.

The first step in the manufacture of Presdwood is to explode fresh, clean chips from guns at a velocity of about 4,000 feet per second. The long fibres thus produced are then thoroughly felted together in heavy mats placed in hydraulic flat-bed presses and subjected to hundreds of tons of pressure. The finished product is trimmed to a four-foot by twelve-foot size.

We don't know ourselves

We don't know ourselves where this grainless wood will be used next; nobody does. Its workability and adaptability are truly astounding. For such things as paneling of all kinds, store fixtures, outdoor and indoor advertising signs, and a hundred and one products of planing mills and woodworking plants, it is already in very wide demand. It is also winning permanent acceptance as the ideal lining for bank vaults, telephone booths, ventilator shafts, closets and trunks. Thousands of feet of it, too, are used in making movies and for incubators, packing cases, tension boards, radio boxes and starch trays for candy factories.



FOR INCUBATORS

But did you know that a contractor out in California is using Presdwood for concrete forms? Did you know that quite a number of boats have been made of it almost entirely? Did you know that it makes an excellent flooring for dance halls and pavilions, and that it is in daily service at the Chicago Art Institute as artist's boards. We certainly didn't—at least until a few short months ago.

* * *

And week after week we hear of new uses! Just recently a manufacturer of bowling alleys became interested in Presdwood. Another unexpected demand is its use as shutters for Dutch Colonial Houses. It is also being made into clothes hampers, bread boxes, patented dairy containers, barbecue stands, bedroom screens and invalid trays.

Where will this *grainless* wood be used next? Nobody knows. For its range of adaptability seems to have almost no limit!

Send for sample—try Presdwood yourself

Users of Masonite Presdwood—and there are now thousands of them!—have found that it often effects marked economies; such as doing away with the expense of painting, reducing the number of manufacturing processes, and eliminating waste in cutting. They have found, too, that it is very easy to work with, and that it is entirely free from knots and other defects.

Why not put Presdwood to the test yourself? It may be exactly the material you are looking for. It may make it possible for you to improve your own product in a number of worthwhile ways or to cut down your operating costs. Or both.

In any event it will cost you nothing to find out. For we will gladly send you a large sample of Masonite Presdwood without placing you under any obligation. Send for it today.

MASONITE CORPORATION

Sales Offices: Dept. 1468, 111 W. Washington St.
Chicago, Illinois

Mills: Laurel, Mississippi

FOR ADVERTISING SIGNS



Masonite PRESDWOOD

Made by the makers of
MASONITE STRUCTURAL INSULATION
REG. U.S. PAT. OFF.

IN BUILDING BOATS



© 1928, M. F. Co.

WHAT I'VE BEEN READING

By WILLIAM FEATHER



FROM "BUSINESS THE CIVILIZER"

AN interesting man is William Feather, business man of Cleveland. He reads a lot and writes entertainingly. His little monthly, which serves as the backbone of house organs, is full of philosophy. We have asked him to tell us every month or so what he has been reading, and what business men would enjoy.

PROFESSOR CARVER, of Harvard University, in "This Economic World"(1) says: "Show me any country in which it is the general practice for every capable industrial leader to retire as soon as he can, and I will, without the slightest doubt or hesitation, show you a country that does not now and never can pay high wages to its workers."

Mr. Bok, former editor of the *Ladies' Home Journal*, in "Perhaps I Am,"(3) urges business men to retire when they can. He concludes his book with this exhortation: "It [continued business activity] doesn't pay. I know it now. The time to stop is when the stopping is good."

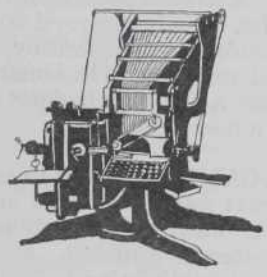
Here are two opposing views. The Carver view is American. The Bok view is European.

Mr. Calkins,(2) head of Calkins and Holden, New York advertising agency, so admirably presents the motive that keeps men in this country at work, that I am quoting one paragraph in full.

Says Mr. Calkins: "There is hardly a man at the head of our great corporations who needs to work, in the economic sense. It came out in the news the other day that Gerard Swope, president of the General Electric, had been offered $250,000 a year to take charge of the Goodyear Rubber Company and had refused. It is likely that a quarter of a million salary was more than he was getting. That is a large salary even in these days. But what of it? Men like Swope work for something besides money.

"He had found his work where he was, and pursued it with something of the disinterestedness with which a scientist follows a line of research. The interest of creating an entity out of a great corporation, something more than a mere money-making machine; guiding it in making industrial history with chemists and engineers as pilots; invoking advertising to make the public a sharer in its triumphs; actually adding to the sum total of human comfort, and even of human happiness, as happiness goes in these days—offers more real thrills than any of the old-fashioned professions can offer.

"Colonel DuPont, with wealth and corporations to satisfy any mere money-grubber, buys an old but run-down paint factory, and in a time so short it sounds like an Arabian Nights story, is doing nearly one half of the paint business of the country. Cyrus Curtis established three enormous magazines, each a leader in its field, and then moved out and into the offices of the moribund *Public Ledger* and began his business life all over again. And when the *Ledger* showed signs of making good he moved over into New York and started to do the same thing with the *New York Post*. It would be absurd to suggest that Curtis needs more money.



"It means that business as it is now conducted is the supreme field of endeavor, calling for every quality of mind that success in the most idealized profession demands, brains, energy, and imagination, and as such business draws men to it for the sheer love of doing it."

IT WOULD be difficult to select three more thought-provoking books than the titles referred to at the beginning of this article. Professor Carver is the foremost writer of economics in terms of robust Americanism. Mr. Calkins, although an artist by instinct, arrives at the same conclusions that Professor Carver does.

These men perceive that business, as conducted in the United States, is the hope of a civilization that will transcend anything ever known before. In their opinion the best life is the most useful life.

Mr. Bok sees in the business struggle a mere effort to acquire dollars. He identifies business with a selfish purpose in which only the individual gains. He seems unable to grasp the idea that in making a dollar for himself a business man usually makes ten dollars for others. One man wrote to Professor Carver and said: "If Henry Ford should live for another hundred years and should continue making money as rapidly as he has during the last twenty-five years, he would own the whole world and the rest of us would all be in the poorhouse."

That is typical of a good deal of false reasoning. Those who are the victims of it fail to perceive that men with the genius of Ford, Vail, Schwab, Harriman, Young, Wanamaker, Filene, Hoover, Sloan, Carnegie and Morgan, are as rare as Shakespeares, Bachs, Balzacs, and Darwins.

The ability to organize and direct the energies of thousands of men and the courage to go forward with vast enterprises, enlisting the cooperation of engineers, bankers and the public, is not common.

If this nation could breed or develop a hundred men with the capacities of those named we could assure ourselves of an economic future beyond the dreams of any of us. This being so, how utterly stupid to encourage our best men to retire in middle-age when their usefulness is still at its peak. As well suggest that Shakespeare should have retired after writing his third play!

Many are asking for the secret of American prosperity. For new insight into this interesting question I direct attention to "This Economic World," particularly the second chapter which is entitled "Somehow Good." In this chapter the authors say:

"How long will our amazing prosperity last? To some it seems so unexplainable as to be abnormal. No one can say how long it will last. It is safe to say, however, that it will last as long as we succeed in releasing human energy and applying it



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to useful purposes; as long as men of high capacity in large numbers concentrate their energy on industrial problems, refusing to be bribed into inaction by their own riches, preferring rather to reinvest their accumulating riches in productive industries;

"As long as we continue to thin out the workers in the over-crowded occupations by enabling them to enter those in which workers are scarce and much needed;

"As long as we prevent congestion of manual trades by wholesale importations of cheap labor; and

"As long as we continue to reduce the sum total of incapacity from drunkenness."

I RETURN to Mr. Bok's volume. This book is purported first to have been written by a disciple of Mr. Bok, a successful business man who retired from active work after reading Mr. Bok's earlier book entitled "Twice Thirty." The gentleman, at the end of a year of loafing, during which he sipped tea in the afternoons and bounced his grandchild in the mornings, determined to write a book himself.

He sent the manuscript to Mr. Bok, who rewrote it, after which the first author was unable to recognize his effort. So he told Mr. Bok to publish it under his own name. And what has been given to the world? A series of sweet essays on limericks, Mrs. Grundy, the royal family, and comparable bits of miscellany, all quite dull and unworthy. The country apparently lost a first-class business man and gained a poor writer.

MR. CALKINS' book is an example of what may be expected in business literature when an accomplished writer uses business as a subject. Mr. Calkins' writing is beautifully lucid. The make-up of the book is novel, indicating that the author dictated the typography and the arrangement. The illustrations by Rene Clarke which serve as tailpieces to the divisions are unique. Mr. Clarke has made decorative black and white sketches of such homely tools as a frying pan, a carpenter's plane, a salesman's portfolio, a sprinkling can, a linotype machine, a slide rule, and a garden cultivator.

Mr. Clarke is a noted artist who has been able to serve advertisers, with rich reward to his bank account and with no sacrifice of his artistic sense.

Mr. Calkins says that Rene Clarke is typical of the change that is taking place in art circles.

"The commercial artist is extinct," Mr. Calkins notes. "He has disappeared. The men who produce advertising art are the men represented in the art exhibitions. There is no longer any distinction, and no stigma attaches to art used for business. Artists realize that advertising offers them an opportunity as great as any in the world today, not merely to be well paid for their work, but also to realize their artistic ambitions without sacrifice of their standards or their ideals.

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in art applied to a purpose. The great art of the world, the art of the fifteenth century, was applied art in a strict sense. Those altarpieces, triptychs, murals, depicting the mysteries of religion and the lives of the saints, that adorn the churches of Italy, France, and other countries, were really applied art."

TO Sinclair Lewis must be accorded the distinction of introducing a word into the language which was eagerly accepted by the American public, particularly that part of the public that calls itself intellectual. "Babbitt" was a better book than this companion volume which came from the presses this spring.

I am one of those business men who obtained genuine pleasure from "Babbitt," and I had an interesting evening with "The Man Who Knew Coolidge."(4) As a satirist Lewis has no equal. I commend the book to those whose sense of humor is broad enough to let them smile at their own follies.

I am inclined to think that the type of a person who is given drubbing by Mr. Lewis deserves the punishment. For one thing our prolific luncheon clubs, with their service slogans, are guilty of a staggering amount of nonsense.

In the city where I live we have perhaps a dozen of these luncheon clubs in which business men, doctors, lawyers, chiropractors and clock menders have their membership.

The attendance ranges from a dozen to a couple of hundred one day each week. Few of the clubs can afford to pay a speaker, and the competition for fee-less speakers is so intense that the "messages" delivered at the meetings are of a pretty low order.

Interest is therefore stimulated by the importation of cheap comedy which often descends to stunts such as the members dressing in children's clothes and eating bread and crackers.

The worst feature of these clubs is that they have weakened the membership of the chambers of commerce. Perhaps the chambers of commerce were too serious and too dignified for some. Further, any organization that takes a stand on controversial questions must displease some members. For one reason or another many useful men allowed their interests to be diverted.

The attacks of Mr. Lewis may have the good effect of causing some luncheon club members to appraise the work of their organizations. They may discover that the local chamber of commerce is a better outlet for their energy.

(1) **This Economic World,** by Thomas Nixon Carver and Hugh W. Lester. A. W. Shaw Co., Chicago, 1928. $4.

(2) **Business the Civilizer,** by Earnest Elmo Calkins. Little, Brown & Company, Boston, 1928. $3.

(3) **Perhaps I Am,** by Edward W. Bok. Charles Scribner's Sons, New York, 1928. $3.

(4) **The Man Who Knew Coolidge,** by Sinclair Lewis. Harcourt, Brace & Co., New York, 1928. $2.

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NEWS OF ORGANIZED BUSINESS



Chamber of Commerce, Leeds, England, founded 1785

"Inducements" Replace Bonus

INDUSTRIAL bonuses are no longer popular but the "special inducement" is taking its place, according to a report of a special committee appointed by last year's Industrial Bureau Managers' Conference to a conference which was recently held at the National Chamber.

The committee, all of them leaders in industrial promotion work, unanimously agreed upon this definition:

A special inducement is any measure of assistance (other than that which is purely professional or technical) given to secure the location of an industry which would not be extended were the industry to locate in some other community.

Included in this are moving expense, donation of a factory site, giving of a factory building to an industry based on a certain amount of payroll, endorsement of or assistance in selling stocks or other securities, abatement of taxes for a period of years, lending of money to an industry to an extent which would not be considered good banking, and use of the influence of the Chamber of Commerce to extend, without cost to the industry, public utility service such as water, sewers, gas and electric connections, street paving, etc., any of which things would not be done for the industry without cost, except by the influence of the chamber.

Under the above definition the committee recorded instances of over 200 cities in practically every state which had given or would give Special Inducements.

These cities range in population from 3,000 to 250,000. They found many cases where Special Inducements were given and successful industries resulted, with the community registering entire satisfaction. They also found a number of economic tragedies. Where some of the larger cities state they do not give Special Inducements, it is common practice for industrial real estate promoters to give free sites, pay moving expenses and make 100 per cent building loans. They did not find the chambers of commerce in these cities registering any protest as to their action.

It is evident that certain industrials and certain basic industries are following a well-defined plan of demanding Special Inducements from the community which desires them, some even going so far as to have special contract forms for this purpose.

The bonus may be dead, but the Special Inducement which has taken its place is flourishing mightily, and it is confined to no particular section of the country nor to small towns alone.

Local Tax Dollars

REVENUE and expenditure problems of local units of government are presented in a publication of the Finance Department now available. This is the first of a series of pamphlets planned by the department and the Committee on State and Local Taxation and Expenditures.

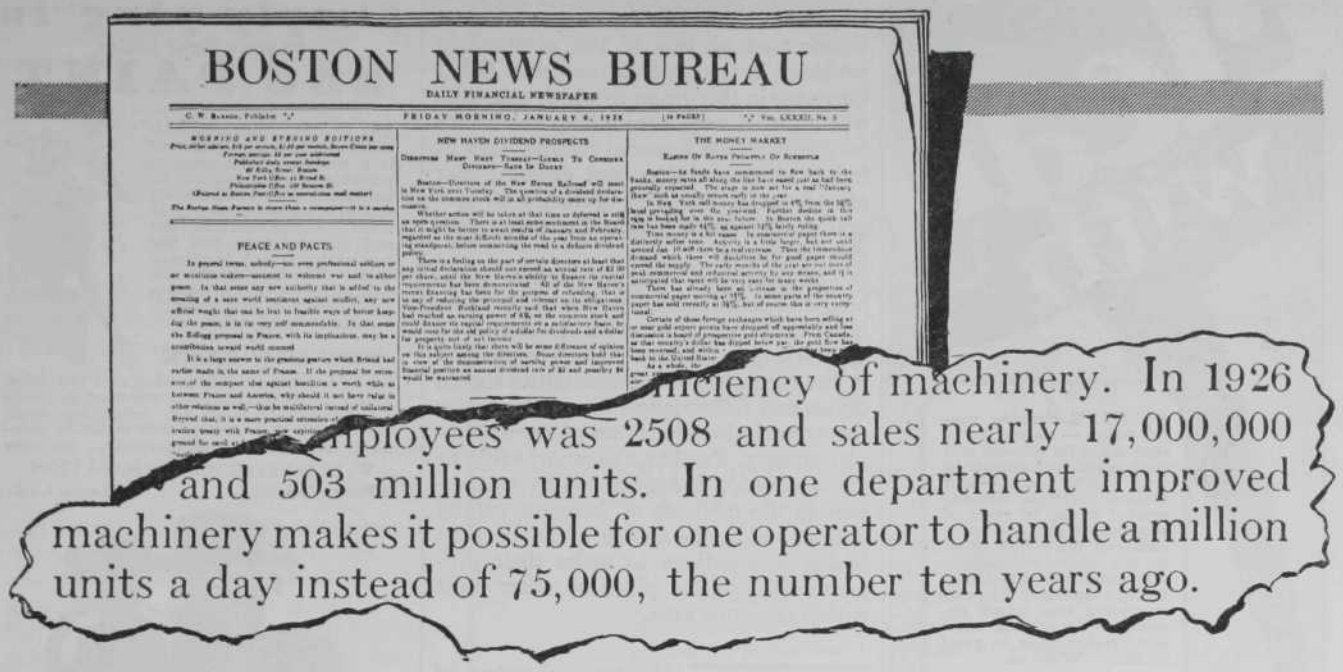
A second study dealing with state problems will be released in the near future. These two publications are of factual nature and are introductory to the studies of specific problems now being prepared on this general subject.

These and subsequent pamphlets are intended to aid organizations of business men and taxpayers in their efforts to bring about improvement in the laws and practices relating to the fiscal affairs of state and local governments. The program is directed toward the need of obtaining a dollar's worth of value for every dollar spent by the half-million taxing jurisdictions in the United States.

Nineteen million dollars each working day was estimated by the report as the cost of local government alone, exclusive of state and federal expense. The report attached particular importance to inequalities in the raising of this sum of nearly six billion dollars a year and to the difficulties attending economical expenditure of funds received from taxation and from issuance of bonds.

Specific problems identified in the revenue field were: inequitable distribution of burdens of taxation; too great dependence upon real property as a tax base; lack of uniformity and simplicity in administrative practices; annoyance of numerous fees and licenses; and difficulties arising from the independent taxing powers of multiple and overlapping jurisdictions.

Ill-planned budgets and the adoption


BOSTON NEWS BUREAU

DAILY FINANCIAL NEWSPAPER

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of budgets without opportunity for scrutiny and restrictions by taxpayers were enumerated as two of the outstanding problems in the expenditure field. Other questions in this group to which attention was directed were accounting which fails to reveal a true financial picture, lack of independent auditing, and excesses that arise from the spending of money by several taxing units within the same geographical area.

The pamphlet cited the lack of planning and coordination as one of the most important problems with reference to capital improvements. In this connection it was suggested that communities should devise and follow long-time programs for the systematic acquisition of capital improvements. Further, the report said, the whole question is aggravated by inattention to the methods of financing capital outlays and by the failure of independent taxing jurisdictions to make their programs fit into the plans of other units within the same area.

Scattering the Shot

MANY a chamber of commerce has met disaster in trying to carry on a multitude of undigested activities to which it had been improperly committed and which it was not equipped to handle. The fault has been due to the method of determining what the program shall be, desire to please as many members as possible and failure to give due consideration to the factors of time and cost involved in carrying out the program.

A program of activities is not a list of passing fancies and impractical suggestions, but is the result of careful deliberation and of decision based upon information concerning all angles of a question, such as relative importance, need, time, labor, cost, and possibility of accomplishment.

It is not something that can be arranged by questionnaire nor initiated and adopted at a board or membership meeting, but is a thing of deliberate action. Only projects carefully determined should form the major program of the chamber, and determination should be preceded by research, discussion, committee report and approval by the directors.

Most by-laws state in one way or another that the chamber of commerce is organized to advance the industrial, commercial and civic interests of the community. It should be a question of careful determination as to whether a proposal would, if carried out, advance any such interests.

Many proposals do not have in mind the interests of the whole community, but all too frequently reflect the desires of but a small group without regard to the interests of other groups and of the community at large.

The field of activity of the chamber is the whole community, all sections and all interests, and each community is a distinct entity, differing in some respects from all other communities. Some towns are essentially industrial, others commer-

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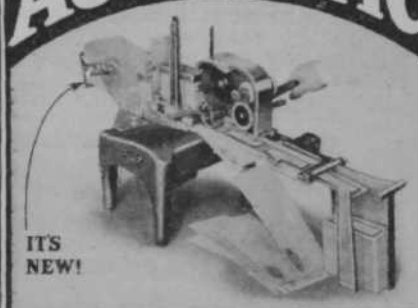
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Page 168 in this issue of NATION'S BUSINESS carries a coupon for your use in ordering additional copies of the 1928 EXTRA EDITION

cial, others residential; most combine all of these factors to some extent. It is important that the chamber of commerce program should be formulated along the lines of the town's potentialities and best interests; otherwise we may destroy more values than we create.

Some fifty years ago business men began moving out of the larger cities and building homes in distant suburbs. Communities of delightful homes, set in spaciously parked and wooded grounds sprang up. Property became increasingly valuable for residential purposes. Then came the encroachment of business. Stores were erected to serve the community.

With this came the demand for industrial pay rolls. Old residents moved away. No new ones came to take their places. Property values dropped. Cheap stores and houses, and a few smokestacks took the place of what was there before. The change was not in the interest of the community, but was brought about to serve the interests of a group who wanted pay rolls at any cost. It was not as though there were nowhere else for factories to go. There are plenty of places.

In a town in the Middle West there was a creamery. It was doing a good business and providing a market for all the dairymen in that section could produce. The industrial development committee of the chamber secured a second creamery, and both are on the edge of failure.

It is better for the town to have one successful industry than two failures. The best interests of the community were not served by bringing in the second creamery even though it did provide a new pay roll. The chamber owes a loyalty to industries already established, and the interests of such industries should be considered in relation to community interests.

The Nation's Foreign Trade

HAVE AMERICAN exporters succeeded in holding on to their post-war export trade? Interesting facts bearing upon the question are presented in "Our World Trade in 1927," recently published by the Foreign Commerce Department of the National Chamber.

The department, pointing out the lessened significance of pre-war averages as measuring staffs for present-day foreign trade progress, has made a quantity comparison of 1927 export trade with a post-war average covering the years 1922 to 1926. Analysis of our export trade on this new basis brings out the striking fact that during 1927, 126 out of 183 export commodities have been shipped abroad in quantities exceeding the 1922–26 average.

Some of the commodities have more than doubled this five-year average; among these might be mentioned barley, logs and timber, benzol, iron and steel scrap, brass and bronze ingots, old and scrap copper, borax, grapefruit, motor trucks and buses, air compressors, electric batteries, excavators, platinum and saws.

High marks in export values were set in foreign shipments of agricultural machinery and implements, construction and

VIRGINIA
Cuts Tax Rates

THE Governor of Virginia, in his message to the 1928 General Assembly, said:

"The eyes of investors are turned to Virginia, for they see here a State reducing the small debt she has, refusing to contract new bonded indebtedness, lowering taxes and revealing a spirit of economy sustained by prevailing public opinion."

During the session of the Assembly, the following reductions in tax rates were made:

BEGINNING January 1st, 1929, Virginia will demand no tax from her residents upon shares of stock owned by them in non-resident corporations.

The estates of non-residents will no longer be charged an inheritance tax upon stock owned in Virginia corporations.

The tax on bonds of political subdivisions of the State has been repealed.

The tax on Capital in Business for 1929 is reduced by one-third as compared with 1926.

The tax on the capital stock of State and National Banks in Virginia has been materially reduced.

Beginning with the tax year 1929, Virginia's income tax law will allow deductions for contributions and donations upon the same terms as allowed by the Federal Income Tax law.

Appropriations Increased

THESE reductions in tax rates do not mean a decrease in appropriations for the needs of the State. At the same session of the Legislature $1,000,000 was appropriated for a National Park within the State. The appropriation for Education was increased by $1,250,000 for the next biennium.

Among other progressive movements, an appropriation was made for Air Ports.

Virginia is spending $15,000,000 yearly on good roads, financed, without bond issues, on the "pay-as-you-go" plan.

These increased appropriations, in the face of reductions in tax rates, have been made possible by greater efficiencies in State Government Administration which are saving the State large sums each year, and by the increase in taxable values brought about by great industrial development and growing prosperity.

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SIXTY-FIFTH YEAR OF BUSINESS

conveying machinery, musical instruments, coal-tar products, oil-well machinery, perfumes and other toilet preparations, batteries, and abrasives.

Many exports made records in volume shipped abroad, though the values were below previous high marks. Among these were gasoline, gas and fuel oil, lubricating oil, lubricating greases, benzol, sawed timber, cotton waste, cotton yarn, oilcloth, iron and steel scrap, lead pigs and bars, platinum, watches, typewriters, barley, and prunes.

Copies of "Our World Trade in 1927" will be sent upon request.

Workmen's Compensation

A TENDENCY to liberalize workmen's compensation laws is shown in a survey recently published by the Insurance Department of the National Chamber.

Twenty-eight states, as against twenty in 1920, pay 60 per cent or more of an employe's wages as compensation. In 1920, twelve states fixed their maximum weekly payments at $12 or less. Now no state has a maximum less than $12 for temporary total disability and only three have as low a maximum as that. Twenty state laws, one territorial act, and two federal acts specify $18 or more as against seven states and one territory at an earlier date.

Copies of this publication, "Tendencies in Workmen's Compensation Insurance," will be sent upon request.

Health and Productivity

WORKERS BELOW PAR physically are handicapped in performance and are more susceptible to disabling disease. An electric service company employing an average of 2,233 workers per year over a period of five years, recently estimated that the cost of illness and injury in salaries and sick benefits alone was $28.50 annually for each employe.

Accurate figures showing savings in the field of illness prevention cannot easily be obtained. However, one store averaging 4,000 employes estimated a saving of $29,094 in the second year after installing medical supervision. The cost of such service varies widely according to the nature of the service rendered. Many studies estimate it to be around $5 annually for each employe. One manufacturer found it paid him to spend from $20 to $25.

A publication, "Industrial Health Service No. 4," of the Insurance Department of the National Chamber goes into the scope of the work, the advantages of medical supervision and what chambers of commerce can do in promoting this work. Copies will be sent upon request.

Studying a State's Taxes

THE ENTIRE TAX structure of South Dakota is being studied by a conference of eight statewide associations. The work was inaugurated by the State Chamber of Commerce and late in March representatives of the State Farm Bureau Federation, the Manufacturers and Employers Association, the South Dakota Press Association, the South Dakota Bankers Association, the South Dakota State Grange, the State Retail Merchants Association, and the South Dakota Education Association met with chamber officials and started work on definite problems.

Committees to study new sources of revenue, better and more equitable methods of taxation, budgets and accounting systems for state and sub-divisions and equitable methods of taxation of national and state banks, money credits and intangible property were appointed. Not only will the Conference deal with state problems but it will go into county and local government financial questions.

W. C. Lusk, President of the State Chamber, was elected Chairman of the Conference. It is hoped to have a report ready by January 1 so that the South Dakota legislature may consider it when it meets January 10.

Barbers for Propaganda

A CORRESPONDENT of the National Chamber, having patronized a rubber-neck wagon during a visit to another city, was impressed by the fact that the "lecturer" not only missed opportunities to call attention to interesting points along the route, but told anecdotes which could hardly enhance that town's reputation. He suggested that these "lecturers" offer a great opportunity for spreading among visitors to our cities accurate and interesting information.

This suggestion is along the lines of one successfully utilized by a chamber of commerce in a Pennsylvania city, where travelers frequently stop over night, which assembled the barbers of the downtown district and fed them information about the town that they could pass on to their customers in lieu of discussion of the weather or the prospects of the major baseball teams.

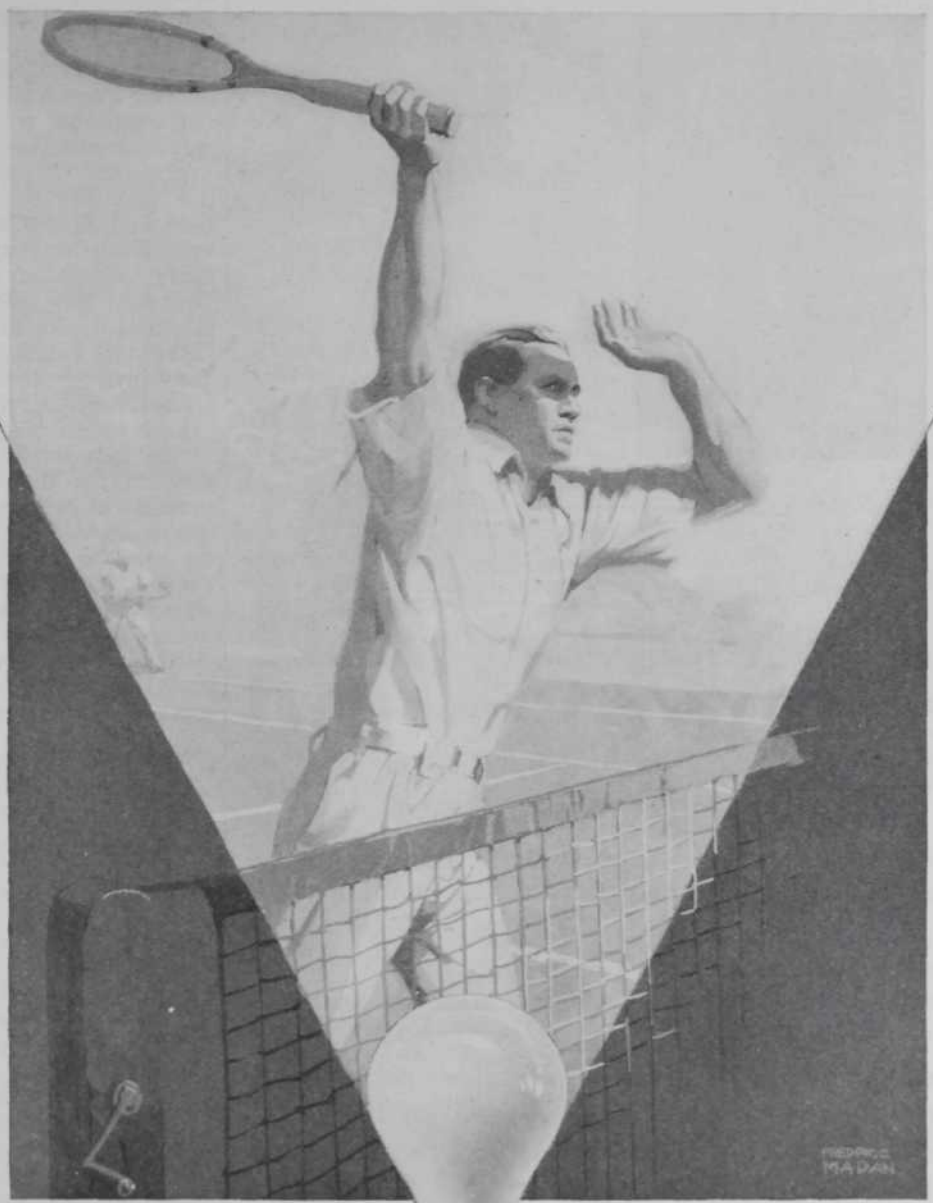
Business Men Go to School

RESPONSIBLE executives and those being groomed for such positions are being sent by many large corporations to the Harvard Business School's Special Session for Business Executives to be held this summer from July 9 to August 18.

This session marks another step in the service to industry and commerce taken by professional schools of business throughout the country. Last summer an experimental session was held for public utility executives. Their interest in the work and the apparent value to those in attendance of getting away from the immediate problems of their desks to discuss the fundamental principles underlying their industries was so great as to warrant an expansion of this work in the coming summer.

Courses for business men this year have been announced as follows: Marketing, Sales Management and Advertising, Fi-

Why do tennis players change sides?



THE light on the tennis court is usually more favorable on one side than on the other. Glare or shadows affect a player's judgment. In match play, sides are changed to equalize conditions.

You can't *change sides* in your office or factory. Insufficient or poorly distributed light hinders work.

Examine the lighting conditions under which your employees work. Then write to Division G-3 of the Edison Lighting Institute at Harrison, N. J., and we will send you free the results of our engineers' investigations concerning the lighting of your *particular* kind of business.

Edison *MAZDA Lamps represent the latest achievements of MAZDA Service, through which the benefits of world-wide research and experiment in the Laboratories of General Electric are given exclusively to lamp manufacturers entitled to use the name MAZDA.

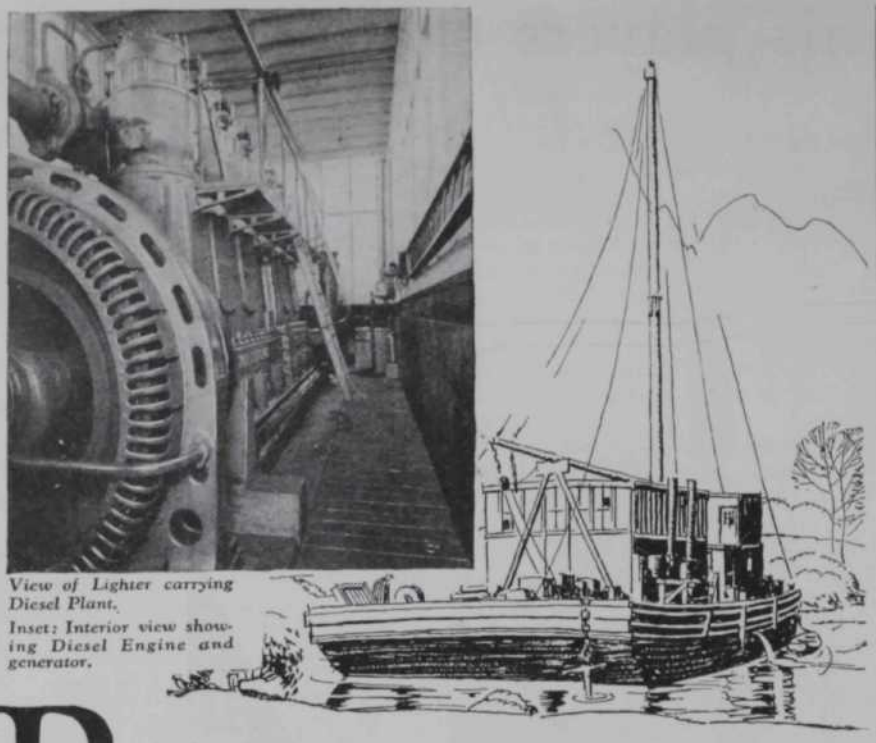
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View of Lighter carrying Diesel Plant.
Inset: Interior view showing Diesel Engine and generator.

Reclaiming land
at Cape Cod

The Trimount Dredging Company had a stiff problem:

1. **Build a foundation for a city in a marsh.**
2. **Water too shallow for standard dredge.**
3. **Electric power not available except at great expense.**
4. **Heavy penalties for failure to complete work on time.**

Worthington Diesel Engines driving generators, all mounted on a barge, produced electrical energy on the spot and solved the problem—so well that Trimount has ordered two more 540-hp. and two 80-hp. units of the same kind.

Whenever pumping (dredging in this case is pumping) is to be done, Worthington has the experience and the equipment to do it right. This is part of Worthington service.

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nance, Retail Store Management and Advertising, Accounting Policies, Railroad Transportation, Business Policy and the Law, and Public Utility Management and Economics.

According to Professor O. M. W. Sprague, Acting Dean of the School, business men all over the country are showing interest in the courses. Among the companies sending representatives are: American Telephone and Telegraph, Armour and Company, Central Hudson Gas and Electric Company, Farmers Loan and Trust Company, William Filene's Sons Company, Ludlow Manufacturing Associates, Marshall Field and Company, New York, New Haven and Hartford Railroad, Old Colony Trust Company, Paramount Famous Lasky Company, Southern Railway, and the United Fruit Company.

Each course will require the full time of the men enrolled. The courses are designed for the discussion of actual problems of industry and actual business cases collected from industry will serve as the basis for the class discussion in each course. Registrations already received show the caliber of men attending. They include department heads such as statisticians, accountants, sales managers, assistants to presidents, assistants to general managers and some senior executives.

Planning a City's Growth

LOCAL CHAMBERS of commerce have an enviable record in promoting city planning. Out of 402 plans proposed for comprehensive city planning, thoroughfare plans and park proposals, chambers are responsible for 221, according to figures in the supplement to "City Planning and Zoning Accomplishments," a publication of the Civic Development Department of the National Chamber. Further figures point out the difficulties in putting into effect completed plans. Cities having difficulties along this line will find the publication particularly helpful.

Business men have a double interest in city planning, that of a citizen and that of a business man. How a city grows vitally affects business prosperity. Those interested in how to start work will find "City Planning and Zoning Accomplishments" helpful. The supplement shows progress in different cities. The two will be sent upon receipt of 15 cents, the cost of publication.

Competition Between Banks

BANK DIRECTORS will be particularly interested in "Interlocking Bank Directorates," a pamphlet recently issued by the Finance Department of the National Chamber. It contains an analysis of H. R. 6491, redrafting the Kern amendment to the Clayton Anti-trust Act. The bill has already passed the House and been reported favorably by the Senate Banking and Currency Committee.

The present legal situation is described

in detail in the pamphlet. The principal change proposed in the bill is an authorization to the Federal Reserve Board to permit certain banking interrelationships when not contrary to public interest, instead of, as at present, only when there is an absence of substantial competition between the banks concerned.

Coming Business Conventions

(From Information Available April 26)

Date	City	Organization
May 31–June 2	Pittsfield, Mass.	American Pulp & Paper Mill Superintendents.
4–6	Los Angeles, Calif.	California Retailers Association.
4–6	Chicago, Ill.	Illinois & Wisconsin Retail Coal Dealers Association.
4	Lake Wawassee, Ind.	American Pharmaceutical Manufacturers Association.
4–7	New York, N. Y.	Band Instrument Manufacturers Association.
4–7	Philadelphia, Pa.	Heating & Piping Contractors National Association.
4–7	New York, N. Y.	Music Industries Chamber of Commerce.
4–7	New York, N. Y.	Musical Supply Association of America.
4–7	New York, N. Y.	National Association of Music Merchants.
4–8	Hot Springs, Va.	Electrical Supply Jobbers Association.
4–8	Atlantic City, N. J.	National Electric Light Association.
4–9	Minneapolis, Minn.	Association of Operative Millers.
Wk. of 4	Chicago, Ill.	National Confectioners Association of the U. S.
8	(undecided)	Clock Manufacturers Association.
10–12	Portland, Oregon	Pacific Northwest Stationers Association.
10–16	Mackinac Island, Mich.	Automotive Equipment Association.
10–16	Chicago, Ill.	Radio Manufacturers Association.
11–12	Minneapolis, Minn.	American Association Medical Milk Commissioners.
Wk. of 11	San Francisco, Calif.	American Water Work Association.
11–13	New York, N. Y.	National Association of Sheet Music Dealers.
11–14	New York, N. Y.	National Association of Cost Accountants
11–14	New Orleans, La.	National Association of Retail Grocers.
11–14	Old Point Comfort Va.	National Fertilizer Association.
11–14	San Francisco, Calif.	Water Works Manufacturers Association.
11–15	St. Louis, Missouri	National Association of Building Owners and Managers.
11–16	Chicago, Ill.	Artistic Lighting Equipment Association.
11–16	Seattle, Wash.	National Association of Credit Men.
12	Kansas City, Mo.	Southwestern Interstate Coal Operators Association.
12–15	Pasadena, Calif.	Pacific Coast Electrical Association.
12–15	Cleveland, Ohio.	Linen Supply Association of America.
13–15	Swampscott, Mass.	National Association of Mutual Savings Banks.
Wk. of 18	Louisville, Ky.	National Association of Real Estate Boards.
18–20	Swampscott, Mass.	National Retail Coal Merchants Association.
18–20	El Paso, Texas	Hotel Greeters of America.
18–22	Philadelphia, Pa.	American Institute of Banking.
18–22	Chicago, Ill.	Wholesale Saddlery Association of U. S.
19–21	Memphis, Tenn.	National Association of Master Plumbers.
19–22	Kansas City, Mo.	National Retail Credit Association.
20–22	Quebec, Canada	American Dental Trade Association.
20	Buffalo, N. Y.	Great Falls Advisory Board.
20	Chicago, Ill.	National Pickle Packers Association.
20–27	Atlantic City, N. J.	Railway Supply Manufacturers Association.
Wk. of 25	Niagara Falls	American Surgical Trade Association.
25	St. Paul, Minn.	National Customs Service Association.
25–27	New York, N. Y.	American Institute of Quantity Surveyors.
25–29	Atlantic City, N. J.	American Society for Testing Materials.
25–29	Boston, Mass.	National Retail Hardware Association.
25–30	Los Angeles, Calif.	Association of Pacific and Far East Port.
26–27	Chicago, Ill.	Farm Seed Association of North America.
26–29	Quebec, Canada	Society of Automotive Engineers.
27–29	Chicago, Ill.	American Seed Trade Association.
27	Chicago, Ill.	Stained Glass Association of America.
28–29	Cedar Point, Ohio	Central Electric Railway Association.

Planned load-moving effects striking economies



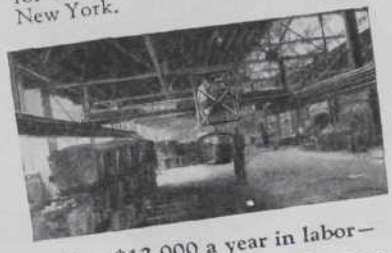
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A 1½ ton Shepard Cage-Operated Hoist equipped with a 1½ yd. grab bucket makes this possible for the R. K. LeBlond Machine Tool Co., Cincinnati.



Save $9,750 a year in labor—

Handling paper and large copper cylinders with two 2-ton Shepard hoists saves this amount each year for the Neo-Gravure Printing Co., New York.



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After a 3-year experience with a 3-ton Cage Operated Shepard Crane used for furnace charging, two more were installed and 2 hours per day for 40 men were free for other work than material handling—Experience of Auto Specialties Mfg Co., St. Joseph, Mich.



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A 2-ton Shepard Hoist on a 60-foot I-beam railway saves 3 men's time for 5 hours a day at the Cincinnati Terminal Warehouse.

THROUGHOUT industry, in every lifting and load-moving service, Shephard economies have been recorded.

Every installation is a testimony to the fundamentally sound design and workmanship of Shepard Electric Cranes and Hoists—to the engineering of a line so complete that there is a crane or hoist precisely suited to every need.

Shepard engineers, experienced in every phase of material handling will gladly cooperate in minimizing your lifting and load handling costs.

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AT last—a steel lock that will not rust. I have hunted a long time for a lock like this. Wonder why more manufacturers don't rust-proof their product?"

If you use iron or steel you can solve your rust problem, you can rust-proof all these metal parts, you can create added sales appeal and increased good-will by Parkerizing

The base of Parkerizing is PARCO POWDER, a dry chemical which, added to a tank of boiling water, forms a rust-proofing bath into which the metal parts are immersed.
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ON THE BUSINESS BOOKSHELF



MORE than a thousand books have been written about George Washington as patriot, military leader, and statesman. Despite one or two biographies in the vein of modern iconoclasm, his fame has lived unblemished through a century and a half of history. It has seemed almost impossible to write anything new about this man of many-sided genius.

G. Washington, Business Man

YET Eugene E. Prussing, in his book "The Estate of George Washington, Deceased,"(1) has added something amazingly different to the record of America's first President. He has discovered Washington as a great American business man. Study of the will which Washington wrote by his own hand discloses the remarkable diversity of commercial enterprises which engaged Washington's attention.

His large family and widespread property interests comprised not only three to four hundred persons, including his slaves, but 63,000 acres of land. The operations conducted at Mount Vernon in farming, milling, distilling, ferrying, fishing and flour exporting involved the services of more than three hundred colored servants, owned and leased, several overseers, a superintendent, and two secretaries. He constantly supervised the work of all these helpers, planned enterprises, arranged for financing, and rode every day over the properties, keeping check on every item of gain and expenditure.

The estate he left at death was valued then at $530,000. That meant for his day a Ford or a Rockefeller.

Mr. Prussing draws a clear picture of Washington the business administrator. He shows him studying conditions, making wise investments, borrowing cannily and managing by methods startlingly modern. Not one of Washington's enterprises proved a failure. Though during his two terms as President and the preceding years in military service his estates ran down alarmingly, the man's skilful and far-seeing administration enabled him to bring them back to the profit side of the ledger in the few years remaining to him after he retired to private life.

Mr. Prussing's book reads like a novel. It throws more real light on Washington the man than most of the biographies now extant; and this despite the fact that it concerns itself almost exclusively with the will and the records of property. If the book contained nothing more than the will, it would be well worth reading. The will, coupled with Mr. Prussing's careful analysis, makes a book that should stand out as one of the important contributions to modern literature.

Washington was active in every important business activity of his time. He built houses in Washington City to rent to the legislators who were to come to the capital. These houses are standing today. He kept his own books, looked personally after his obligations, made amazingly prophetic observations about the future of territories then trackless wilderness.

He was, in short, the great business genius of his time.

Mr. Prussing has caught the spirit of Washington the business man. He has showed how this man of affairs carried on through financial stress that would have wrecked almost any modern operator, and how at his death he left a will made without legal assistance that must stand always as a model of fairness, shrewdness, and foresight.

Mr. Baxter in "Chain Store Distribution and Management(2) does not attempt to make an all-inclusive statement of the history of chain stores. Nevertheless it is an interesting and stimulating study of chains in their various fields—drugs, groceries, shoes and general merchandise. Some new and interesting figures are given, particularly on the classification of sales of leading chains.

Mr. Baxter interprets the "secret of chain store success" by discussing somewhat in detail the management of various stores and the merchandising principles to which they adhere. His discussion of the details of management—mark-up, window display, sales-floor organization, warehouse turnover and price ranges—will be interesting to one studying that line.

Sources for International Finance

THE "International Finance Source Book"(3) is a bibliography listing more than 1,700 official, documentary, semi-official, and non-official sources of information in the finances and economics of twenty-six European countries, sixteen Latin-American countries as well as Canada and a few Asiatic countries. "The book was compiled as an aid to investment bankers, investors, public officials, college students and others who are interested in foreign securities and who want a compact yet comprehensive guide to sources



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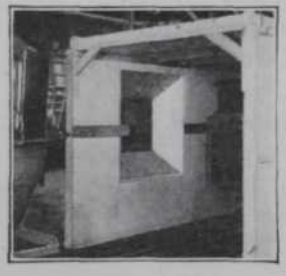
Thermodine Unit Heater No. 701 — replaces 2 tons of cast iron radiation.



Thermodine Unit Heaters drying hides in Trimount Leather Co., Peabody, Mass.



Killing steam as it rises from giant paper machines, thereby preventing condensation on ceiling and walls. Byron Weston Co., Dalton, Mass., "Mfgrs. of High Grade Ledger Papers".



Thermodine Unit Heaters drying automobile bodies in the Seaman Body Corp., plant, Milwaukee, Wis.

SIX years ago, Thermodine Unit Heaters were introduced as a new and better method of industrial heating.

Today, we find them successfully used in a wide variety of applications.

Thermodine Unit Heaters have cut down drying time and reduced cost of automobile body drying, drying paint on steel lath, radiator cabinets. They are used most effectively in paper manufacture, in the drying of sausage —in tanneries for drying hides— felt hat manufacture — rug cleaning plants—bottling works to dry bottles before labeling — paint and varnish rooms — hotels and restaurants for drying dishes — bath houses for drying bathing suits—apartment house laundries — salt drying — seed corn drying — and in many other fields.

Because of their great heating capacity, small size and flexibility, Thermodine Unit Heaters prove highly successful for almost any drying application. They deliver heat where it's needed and keep it there. Are economical to install and operate. *For any heating or drying problem, write for catalog No. 127.*

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available for fact-finding study of foreign securities and finance."

Mr. Dickinson in the foreword to his "Primer of Promotion"(4) says: "This little series of lessons tells you how to build a great business, become very rich or become famous." Who could ask more for a dollar and a quarter?

(1) **The Estate of George Washington, Deceased,** by Eugene E. Prussing. Little, Brown and Company, Boston, 1927. $6.

(2) **Chain Store Distribution and Management,** by William J. Baxter. Harper & Brothers, Publishers, New York, 1928. $5.

(3) **International Finance Source Book,** by Diana I. Powers Rossi. Investment Bankers Association of America, Chicago, 1928.

(4) **Primer of Promotion,** by Howard W. Dickinson. The John Day Company, New York, 1927. $1.25.

OTHER BOOKS RECEIVED

Casualty Insurance, by Clyde J. Crobaugh and Amos E. Redding. Prentice-Hall, Inc., New York, 1928.

Financial and Business Forecasting, by Warren F. Hickernell. Alexander Hamilton Institute, 1928.

Mail-order and Direct-mail Selling, by S. Roland Hall. McGraw-Hill Book Company, Inc., New York, 1928. $5.

Problems of the Executive, by Harold Whitehead. Thomas Y. Crowell Company, New York, 1927. $2.50.

Psychology for Executives, by Eliott Dunlap Smith. Harper & Brothers, Publishers, New York, 1928. $3.50

Selling Policies, by Paul D. Converse. Prentice-Hall, Inc., New York, 1927. $5.

Window Display Advertising, by Carl Percy. The John Day Company, New York, 1928. $3.50.

Everybody's Aviation Guide, by Major Victor W. Page. The Norman W. Henley Publishing Co., New York, 1928. $2.

Government and Business, by Earl Willis Crecraft. World Book Company, Chicago, 1928. $2.95.

Aerial Photographs, by Dache M. Reeves. The Ronald Press Company, New York. $5.

Foreign Advertising Methods, by Charles S. Hart. The De Bower Publishing Company, Inc., New York, 1928.

Safety and Production, a report by the American Engineering Council. Harper & Brothers, Publishers, New York, 1928. $5.

Relativity in Business Morals, by Henry M. Robinson. Houghton Mifflin Company, Boston and New York, 1928. $1.

The American Labor Year Book, 1928, by Rand School of Social Science. New York, 1928. $2.50.

Elements of Rural Sociology, by Newell Leroy Sims. Thomas Y. Crowell Company, New York, 1928. $3.75.

The Law of Bills of Lading, by Ernest W. Hotchkiss. The Ronald Press Company, New York, 1928. $5.

Industrial Engineering and Factory Management, by Arthur G. Anderson. The Ronald Press Company, New York, 1928. $5.

Effective Business Letters, by Edward Hall Gardener and Robert Ray Aurner. (Revised Edition.) The Ronald Press Company, New York, 1928. $3.

HUMAN NATURE IN BUSINESS



By FRED C. KELLY

HOTEL clerks tell me that it is possible to gauge the state of business prosperity by the length of time traveling men stay in one city while on a selling trip.

When things are booming, buyers make up their minds quickly. The main question is how soon the seller can guarantee delivery. But when business is slack buyers dilly-dally and keep salesmen waiting in outer offices. If general business is a bit dull without being too dull, traveling men come to their favorite hotel as usual but stay longer.

MANY years ago—in 1841 if you must know exactly—a certain Sunday school teacher took his little flock on an excursion and was able to obtain a special rate. That gave him an idea and he began to run cheap trips to London. After that he was ruined for anything else and gave most of his time to arranging trips.

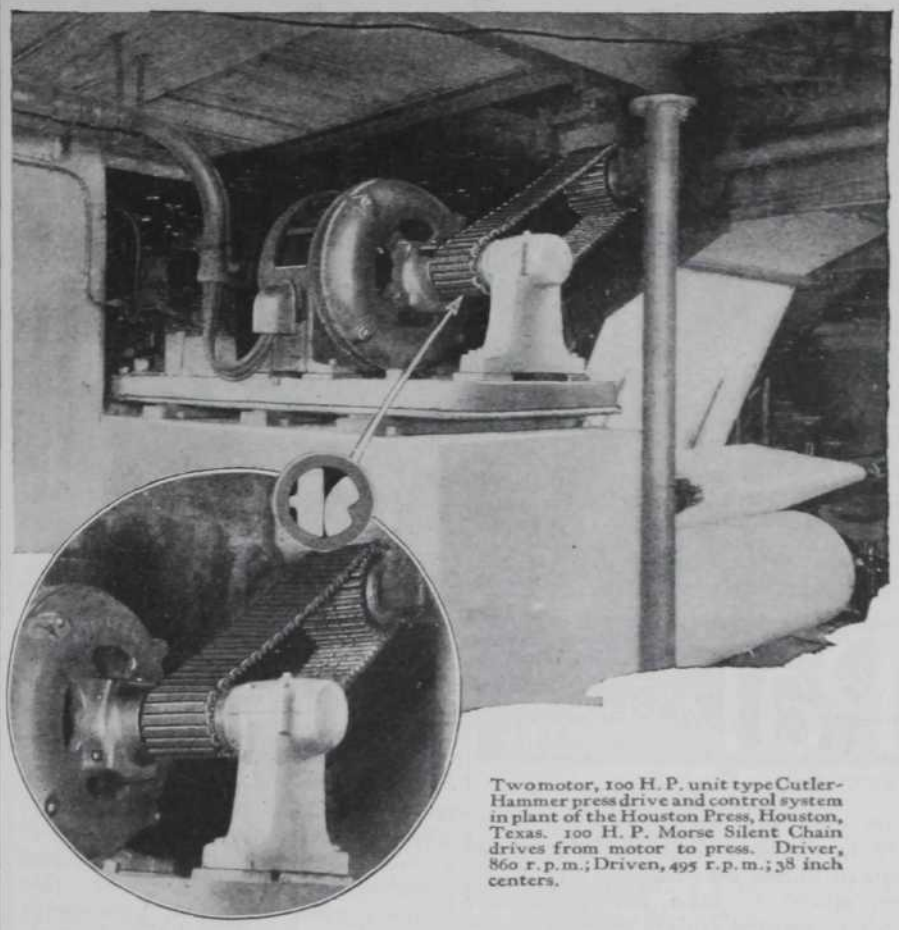
Thus was *Cook's Tours* born. When Thomas Cook & Son, Ltd., was merged a while ago with the International Sleeping Car Company, they had 5000 employes, agencies in all civilized countries, and even owned the railroad up to the crater of Mount Vesuvius.

I FIND that being president of a big bank is probably the most horrible job on earth. It looks so easy, sitting around a big office chatting easily with multimillionaires who come to borrow money, that I used to think I might plan to be a bank president, but now I'm glad I didn't.

The head of a bank that has many big corporations on its list of customers, is almost compelled to sit on the boards of directors of several of these. In other words, he must play the part of a prominent citizen.

This wouldn't be so bad of itself, but he is also forced to do most of the work on each of these boards. You see, he is probably energetic or else he wouldn't have been made president of the bank, to begin with. Other members of the various boards, noting that he is energetic and capable, say: "You are better equipped to attend to this than any of us. Suppose you just look after it."

Which recalls that on nearly every committee of any kind ever formed, no



Two motor, 100 H. P. unit type Cutler-Hammer press drive and control system in plant of the Houston Press, Houston, Texas. 100 H. P. Morse Silent Chain drives from motor to press. Driver, 860 r.p.m.; Driven, 495 r.p.m.; 38 inch centers.

—*with* Cutler-Hammer Control

Printing over 41,000 copies of the Houston Press every week day throughout the year requires the most dependable kind of equipment. A Cutler-Hammer two motor, 100 H. P. unit type drive and control system provides continuous power to the press through a Morse Silent Chain.

For printing presses and all types of machinery, Morse Drives are installed as integral parts of the equipment. Their 98.6% sustained efficiency, flexibility and long life help to maintain continuous machine operation.

Morse Transmission Engineers are always ready to co-operate in solving your power drive problems.

Morse Chain Co., Ithaca, N.Y., U.S.A.

BRANCHES IN PRINCIPAL CITIES

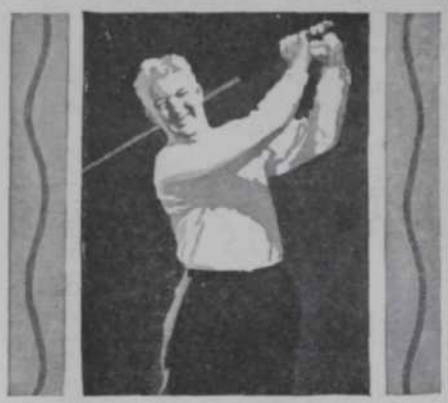
ATLANTA, GA. 702 Candler Bldg., Earl F. Scott & Co.
BALTIMORE, MD. 1002 Lexington Bldg.
BIRMINGHAM, ALA. Moore-Handley Hdwe. Co.
BOSTON, MASS. 141 Milk St.
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DENVER, COLO. 211 Ideal Bldg.
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LOUISVILLE, KY. 516 W. Main St., E. D. Morton Co.
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At all colleges, no boy dares to step into the "gym," without the protection of an athletic supporter . . . In exercise of any kind . . . Wear a PAL and play safe . . . PAL is the safest and most comfortable supporter — so recognized by leading physical trainers. Light, cool, porous, washable and flexible . . . Gives firm support. At all drug stores . . . One dollar. (*Slightly higher in Canada.*)

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Write

L. J. SALTER, STRATFORD CANADA

matter how large the membership, one or two always do most of the work.

CHAIN store companies which used to count foot traffic in front of a proposed store location before renting, now have a short cut to get the information they need. They go to nearby stores of various kinds in the same block and merely count the number of clerks. In that way they can make a fairly accurate estimate of the number of pedestrians who pass these stores, as well as the percentage who stop.

MANY stores in a section of Broadway, New York, where rentals are extremely high, are unable to show a profit from sales but charge part of their rent against publicity and advertising. Hundreds of thousands of folks from distant cities see a store in a crowded Broadway location and it makes an impression. When they see another store, part of the same chain, in their home towns, they remember it. One cigaret company is said to pay $85,000 a year for a small Broadway corner.

MANY store companies have peculiar prejudices about locations. One restaurant chain seldom locates except adjoining, or in, a towering building of at least 30 stories with several hundred potential customers on each floor. One company selling low-priced shoes always aims to be near a store dealing in moderate-priced hats.

A BUSINESS bureau made a laboratory study a while ago of the faces of 100 or more successful business men. The plan was to learn what cut of jib was most likely to accompany a person fitted for success in great enterprises. With painstaking care, they rated five social traits and intelligence scores and compared these with facial length, breadth and other measurements.

But the results proved little beyond the fact that you can't tell much about a man from his face. To many of us this is welcome news. If no smarter than our faces indicate, we should be decidedly out of luck.

BURTON RASCOE, editor of the *Bookman*, for years had a charge account at a famous New York haberdashery. Having his name on their books, they often sent him advance notices of special bargains, such as shirts marked down to $12 or $14 each and neckties for as little as $7. One day, as a special favor to old and trusted customers, they sent out a circular about a new preferred stock in their corporation. To show that the stock was worth the price quoted, they set forth a detailed statement of earnings from the sale of haberdashery over a period of years. Rascoe, who is smart and shrewd, promptly acted upon the information. He canceled his charge account at that store and never bought anything there again. Their statement of earnings had

Business is Good in SPARTANBURG the Hub of the Southeast



IT IS A FACT, established over a period of years, that business in the rich Southeast does not fluctuate constantly from "good" to "bad" as it does elsewhere. Here business has been good for years. That means sales are good, year in, year out.

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Thirteen million consumers live within the Spartanburg Trading Area (shown in map). Steady employment at good wages assures a year-round buying power. Twenty of the nation's largest concerns, with plants or branches in Spartanburg, have increased sales and profits since locating here, because the 13 million consumers in the trading area favor "home industry."

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Write today for copy of the "Marketing Survey of the Spartanburg Trading Area." It may disclose sales possibilities more favorable than you ever suspected. Write today.

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AIR MAIL: Regular stop on U. S. Postal Air Mail Route, six hours to New York.

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A Vice President *Speaks—*

"The material in NATION'S BUSINESS is judiciously selected, well presented and undoubtedly constitutes a beneficial influence in forming correct and enlightened opinion on the great business trends of the day."

W. B. STILWELL, *1st Vice Pres. Westchester Lighting Company* Mount Vernon, N. Y.

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convinced him that they were making altogether too much money from their customers.

JUST three fundamental factors control the success of manufacturing and selling an automobile—so the head of one of the smaller companies tells me. These three important factors are:

Performance
Eye Appeal
Price

"To excel competitors in any two of these is certain to assure a reasonable degree of success," declares my informant. "If a manufacturer puts out a car that will perform better than others of the same price, he doesn't need to worry, even though the car is not so attractive to look at as some others. The same thing is true if the car has the most graceful lines of any in its price field. Even though other cars will go a little faster or wear a little longer, it will be successful. If a manufacturer excels in all three fundamentals, that is, if his car is the best in actual operation on the road, looks the best and is the cheapest, then it will not only be successful but will become a business sensation."

THEATRICAL business in New York is evidently being hurt by the fact that theaters are all in the same general locality. Years ago it was a big benefit to theaters to be close together. If a person changed his mind about going to a certain performance or couldn't get seats there, he was conveniently near some other theater. Today the traffic condition in the theatrical district is surely keeping people away.

After devoting half an hour to a journey of only four blocks in a taxicab one rainy night last winter, and missing most of the first act, I decided that the price in discomfort is too great to go as often as I otherwise might. Even if I had been afoot progress would have been about as slow. Perhaps there are thousands of others who have been forced to feel as I do and are compelled to stay away from New York theaters.

My guess is that an increasing number of alert managers will soon have the perspicacity to locate their theaters far from the area of greatest congestion.

A FRIEND of mine with a fondness for figures is trying to estimate how much money business men in every large city are lured into spending on fake testimonial dinners at $10 a plate, with a net profit of $7 and upward a plate to the group who arrange for the dinner.

MOST business corporations find that it is dangerous to promote a woman to a job where men must take orders from her. Men she has to boss would much rather work for another man, even if he is her inferior. A man notoriously henpecked by his wife is especially sensitive to being under orders of a woman at the office. Maybe this is because he thinks one woman boss is enough.

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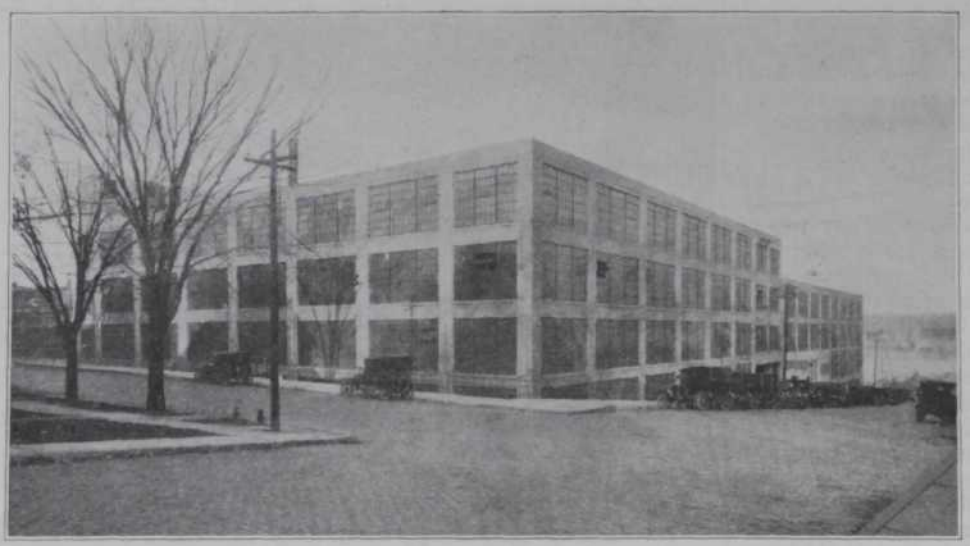
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WHAT are the costs that vex the metropolitan factory? Taxes—mounting with each new assessment. Labor—inflated by high metropolitan costs of living and frequent turnover. Land—constantly becoming scarcer and more expensive. All the costs induced by congestion with its attendant delays and inconveniences of traffic and shipping. And another cost, perhaps unseen, but none the less at work—the draining of human energy sacrificed to congested big-city living conditions.

In the small town labor costs are lower because the wage dollar will buy more. Production is more spirited, more interested, because living conditions are more pleasant and fatigue is lessened. Taxes are lower. Land is cheaper. Present-day transportation has given the small town a metropolitan status with respect to markets and superior access to raw materials. Widespread net-works of electric transmission lines assure adequacy and economy of power.

Whether for main or branch plants, any industry alive to the importance and strategy of its location will consider the small town's advantages. There are more than three thousand communities of this type in the geographically diversified territories of the operating subsidiaries of the Middle West Utilities Company, in thirty states of the East, Middle West and Southwest. Correspondence is invited by the *Industrial Development Department, Middle West Utilities Company, 72 West Adams St., Chicago.*

MIDDLE WEST UTILITIES COMPANY

What the World of Finance Talks Of

By MERRYLE STANLEY RUKEYSER

ALL chaste students of economics are in agreement that it is desirable to keep the Federal Reserve System out of politics, but in practice it always creeps in.

Perhaps that is inevitable, because the central banking system casts its shadow athwart the selfish money-making pursuits of the people. The abundance of criticism of the acts of the system springs in part from the fact that the criterion of judgment for the average man is the way it affects his own special interests.

The guardians of the Reserve system, whose business is the supervision of credit, act in accordance with the needs of the situation as a whole, as they see it. Accordingly, the system is occasionally right in making money tight, even though so doing wipes out the margin of John Doe of Oshkosh, Wisconsin, who recently learned that he could accelerate his process of waxing wealthy by operating in listed stocks. The aggrieved citizens automatically look for political relief. Hence the recurrent suggestions from political scientists in Congress of remedial legislation to check speculation or hold down brokers' loans.

THE seemingly inconsistent, contradictory course of the Federal Reserve System results from its attempt to carry water on both shoulders. At one time, the banking authorities are primarily interested in cosmopolitan needs, and proceed with a cheap money policy. Then provincial matters, such as excessive use of credit for stock speculation, come to the forefront, and the system undertakes to contribute toward making money dearer.

It is all very well to single out personalities in the Federal Reserve System to blame, but the limitations in reality reflect the new contradictions between America's needs at home and her foreign obligations as the principal creditor nation of the world.

Unless New York's new world financial leadership is kept in mind, recent financial events, including the heavy outflow of gold since last summer, are likely to prove baffling.

In pre-war days, when America was a debtor on balance, a heavy export of gold was usually a sign of an oncoming economic storm at home, but under present conditions the outflow represents nothing more than a voluntary attempt on the part of a tolerant and cooperative creditor to facilitate the return of debtor nations overseas to sound monetary standards. In the conflict of wills between the Reserve authorities and rampant bulls in Wall Street, the freedom of operations of the former is circumscribed by international considerations. In general, the range of rediscount rates is between 3½ and 4½ per cent. In connection with the 1919–1920 efforts to put the brakes on speculation, the Federal Reserve System felt free to boost the New York rates to 7 per cent, but at that time the principal debtor nations were still on a paper-money basis and normal gold movements were non-operative. In the last four years, however, a 4½ per cent rate at New York has brought substantial gold imports; a 4 per cent rate (until this winter) always attracted moderate imports, and a 3½ per cent rate encouraged exports.

Additional factors constitute an argument for a stable, rediscount rate at a moderate level. Business has been free of inflation, and there is, therefore, no reason for deflating commodity prices, especially in view of the fact that non-agricultural prices have recovered only slightly from the lowest trough reached since the war. Furthermore, toward the end of the summer, the petted farmer will be thinking of foreign markets, and the Federal Reserve System, as was the case last summer, will desire to contribute toward easier money conditions to facilitate foreign marketing of the great American raw materials. And, besides, in September there may be substantial refunding operations by the Treasury, which would desire an easy money market.

And yet since the first of the year money has been tightening. The relative stiffness reflected four influences. In the first place, since the turn of the year, the Federal Reserve System, sensing that its previous easy money policy had been used to promote stock speculation, definitely sought to tighten the money market by two series of rediscount rate rises and through reversing its open market policy, becoming a heavy seller, instead of a buyer, of government obligations.

In the second place, a substantial recovery—irregular in character—in the basic industries increased the commercial demand for funds, and caused member banks to lean more heavily on the Federal Reserve banks, and hence to become more responsive to their leadership.

Thirdly, collateral loans— for speculative purposes — soared to unprecedented peaks.

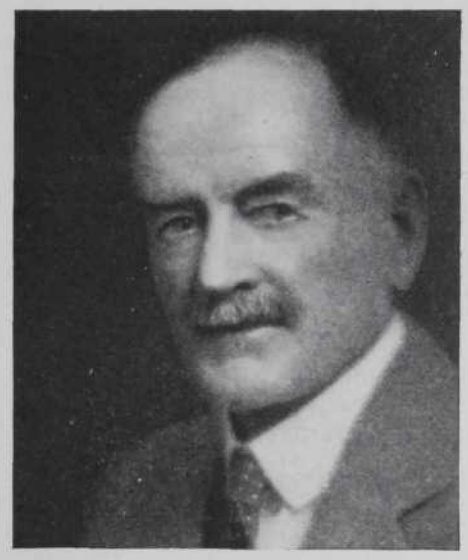
Fourthly, gold exports in the last eight months amounted to about $330,000,000, and reduced to that extent the base on which the credit structure rests.

IF THE Federal Reserve campaign proves effective in restraining the appetite of speculators for credit, there should be a reversion to easy money conditions by midsummer.

A reduction in the rediscount rates in July or August would not be surprising.

The meaning of all this is that the Federal Reserve System is in position to exert substantial changes in the money market for short term periods, but over the long pull the underlying facts—America's creditor position, her favorable trade balance, her foreign investment policy, her tremendous gold hoards, and the world and domestic trade situation—prove the determining influences.

In spite of the second dose of soothing syrup which the Federal Reserve authorities have administered to feverish speculators since the first of the year, we are



MONEY FOR THE SOUTH

"MORE and cheaper money is the South's greatest need. It is paying too high an interest on its loans," says Frank White, who resigned as Treasurer of the United States to become president of the Southern Mortgage Guaranty Corporation of Chattanooga



Full of Sentiment —and Microbes

An employe of one of our water companies recently sent us a communication in which occurred this sentence: "The old oaken bucket was full of sentiment and microbes."

The menace to health of an impure water supply can hardly be told in fewer or better words.

Modern water purification plants may not possess the sentiment and romance which cling to the open well and the flowing stream, but nothing contributes more to the health, sanitation and welfare of people all over the civilized world than does a plentiful supply of pure water.

An Industry That Never Shuts Down

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apparently not yet out of the era of long-term monetary ease. Although stock prices have discounted any near-term further prospects of a decline in interest rates, the long-term trend on the wages of capital seems to be toward lower levels.

Even the less sensitive barometers, such as vendors of high-grade guaranteed first mortgages have tended to lower the rate from 5½ to 5 per cent, and the leaders of the savings and loan movement believe the time is near when they will have to take cognizance of the changing level of interest rates.

For example, G. A. Martin, president of the Railroad Cooperative Building & Loan Association, one of the largest and best managed of the poor men's banks, has already notified members that after the end of this year the association will probably have to reduce the return on savings and income shares from 5 per cent to 4½ per cent.

Even savings banks have been affected by the declining earning power of investment capital. They have been able to keep up the rate to the public only by averaging old higher-yielding investments with more recently acquired lower-yielding securities, on the one hand, and, by increasing the proportion of investable funds placed in real estate mortgages, on the other.

Eventually, the savings banks will have to base their rate to depositors on prevailing capital rates.

THE first restrictive activities of the Federal Reserve System proved temporarily effective in February in quieting down speculation and in moderately reducing the aggregate volume of brokers' loans.

But, on March 7, Roy A Young, governor of the Federal Reserve Board, Dr. O. M. W. Sprague, of the Harvard Business School, and others, in testifying before the Senate Committee on Banking and Currency, indicated in an academic way that the brokers' loan situation was not dangerous. That type of reassurance was the signal for the blowing off of the lid in Wall Street, and the most violent upbidding of selected stocks in the history of speculation began. Then came the second dose of corrective medicine.

By this time, such an eminent banking authority as Dr. Sprague changed his mind about brokers' loans. Writing in the *Annalist*, he pointed out toward the end of April:

"There has certainly been no change in the prospective earnings of business to provide support for recent advances. And the market has unquestionably much more than discounted any probable immediate decline in the long-term rate of interest.

"The present security market exhibits all the earmarks of inflation and the symptoms of a speculative craze.

"A security market that is functioning within reasonably safe limits is sensitive to change in lending rates.

"A security market that is impervious to rising rates may also exert an undesir-

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able influence on business for a time before the inevitable break."

ALTHOUGH the rise of brokers' loans to an unprecedented summit has been dangerously rapid, part of the increase reflects merely growth in the economic position of the country. By rate increases, the Federal Reserve System is seeking to test how much of the expansion is healthy. On April 1, the ratio of total loans to the dollar value of listed stocks showed a decline from previous months, and was substantially lower than at any time in 1927.

IN HIS lecture on the Bard of Avon on Shakespeare's birthday, that well-known literary critic, Gene Tunney, occupying William Lyon Phelps's chair in literature at Yale University, animadverted on the conflicting notions toward commercial exploitation of fame of Colonel Charles A. Lindbergh and himself. The pugilist intimated that in five years the aviator might be without public appreciation and cash, in view of the well-known fickleness of the human race.

The effort to take the colonel gently to task for his restraint revives interest in Lindbergh's bizarre lack of commercial instincts, in this high-pressured age of cashing in. In his present abstemious role, Colonel Lindbergh serves a highly useful purpose. In his image, the oft-exploited public can purge itself and find escape from the din of high pressured seeking of the main chance. Lindbergh's aloofness from offers from movie directors and sports promoters is as distinctive as his epic, unescorted flights.

His policy of refusing crowns of gold could no more properly be universally advocated than could imitation of his solo flights be recommended to the ordinary layman.

Tunney's usefulness in demonstrating that men of the cauliflower industry need not be wholly illiterate should not be underestimated, but perhaps Lindbergh can afford to continue to be himself, and to ignore Mr. Tunney's hints on thrift.

THE country has passed the seasonal peak for expansion, and some recession may be expected in basic industries until July. Then seasonal influences will make for expansion, and by the fall there are prospects of a sizable trade recovery.

JUNE is the month for marriages and for nominating conventions.

The country is reaching the crest of pre-election interest in politics.

Irrespective of what judgment speculators may momentarily express in their fickleness, the substantial leaders of business and finance are not alarmed over political prospects.

In spite of reported coolness in Wall Street toward Herbert Hoover, I have personally run across no real opposition to him.

The election of Governor Alfred E. Smith as President, with a Republican Congress, would probably stir no major financial fears. A Democratic Congress would be received perhaps with less calm,

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AFTER years of experience working for others, Mr. C—— launched into business for himself as a general contractor. Orders came and a year later the manufacturer's salesman found him a willing listener to the merits and profitable uses of a 12½ ton capacity, gas operated, crawler type crane. The price was $9,000. If terms were cash there would have been no sale.

The C. I. T. Plan

enabled the crane maker to accept a reasonable cash payment and the balance in notes. C. I. T. promptly gave the manufacturer cash for the paper and thereafter attended to collections. The contractor put the crane into service and paid for it in convenient monthly instalments.

C. I. T. is a banking institution offering to manufacturers and merchants who sell on time payment credit, a complete financing service backed by twenty years of experience with instalment selling. In addition to the prompt discounting of purchaser paper C. I. T. service covers all the detail of instalment transactions, including collections. In effect it keeps the client's business on the equivalent of a cash basis.

With resources now approximating a hundred million dollars, C. I. T. is equally well equipped to serve producers and distributors whether the credit lines needed are in the thousands or the millions of dollars.

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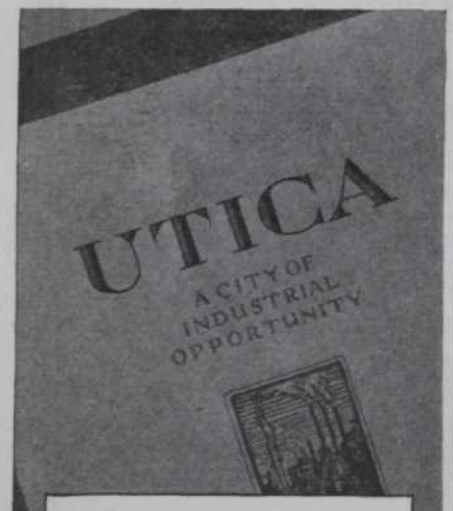
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although frankly the fundamental differences between the two parties on economic questions has been narrowing. The industrialization of the South, for example, has been remaking the political map of the country.

IN THE next administration, the demand is likely to grow for a radical revision of the anti-trust laws in the light of changed economic conditions. This is gradually shaping up as an important issue.

With the South industrialized, there is likely to be an increased sentiment for leaving tariff decisions in the hands of experts.

Farm relief, labor legislation, especially relating to unemployment, proposed banking amendments, and Federal policy toward power companies are among the important economic issues which are likely to be left unsolved for the next Administration. Enlightened voters will want to know how office seekers stand on these questions.

SINCE the beginning of the year, the automobile industry has been the star performer. The withdrawal of Ford from the market in 1927 resulted in a large accumulation of demand.

To a greater extent than ever before, the motor industry this year is relying on replacement business. It also is already replacing cars bought in 1923, the first of the series of big automobile years.

On its present basis, the automobile industry is writing a new system of economics. To some extent, it is replacing cars which have not ceased to be serviceable. The new bogey of obsolescense is causing normally well balanced souls to ditch older vehicles, which are still in relatively good condition.

I myself have just fallen a victim to this new herd trait. I found the way out by revolting in a qualified way against the prevailing insistence on *le dernier cri*.

I discovered several fundamental principles about the present automobile market.

In the first place, the market value for my used car was distinctly less than the use value, because there is more eagerness to sell used cars than to buy them. Accordingly, the discriminating buyer can get greater value in the used car market than in any other outlet for money.

Secondly, the market value of my car was subject to infinite higgling, and varied in accordance with the margin of profit which the maker of new cars allows himself.

The General Motors Corporation through a series of advertisements has called the attention of the public to this fact, and has warned that the essential fact is how low the new car is priced in respect to its value.

I bought a new car, which has just been made obsolete by the bringing out of a later model, at a 50 per cent discount, but in order to effect the deal I had to sell my used car for a half to two-thirds of what it ordinarily would have brought.

In order to justify my deal, I shall have to find the value in use, rather than in quick resale.

IN THE circumstances, the automobile dealer is a buyer as well as a seller of cars. Poor purchases have hastened the mortality rate among dealers.

The trade might be put on a sounder basis if it could standardize the market for used cars through central local exchanges.

A search for outlets for used cars is one of the great needs of the industry. Taxi companies are gradually absorbing increased numbers of used cars of standard make. The export field should furnish a growing market for used cars. Another outlet is in cultivating the notion that the used car should be retained by the owner as a second car. That is more feasible in communities where owners have their own garages than in New York, where storage costs up to $55 a month.

The New Yorker pays a premium for the privilege of living in the metropolis—apart from visible items, such as rent, and the cost of foodstuffs. For example, the automobile insurance rate in the city, especially for liability, is far higher than in rural and suburban districts. That is bebecause the accident rate is higher, and that in turn is heightened by the huge floating population. The natives in these unseen ways pay the price for the privilege of having visitors, and, though the theatres, hotels, and merchants benefit, the wider public merely finds it necessary to compete with the tourists for subway seats, privileges of checking hats at night clubs, and for a place on the road.

The native New Yorker is especially hard put in trying to meet the bids in the amusement market of folk from out of town who are travelling on expense accounts.

A NEW economics of the theatre is being evolved at the Cort Theatre, New York, where "The Ladder" is performing. The play, which I have not yet witnessed, deals with the transmigration of souls. Apparently, theosophy was not a popular subject on Broadway, for in the free competition with leg shows and tales of earthy acts this spiritual drama lost out. The unique development is that it did not close its doors. Unwilling to speculate as to how large the deficits would be, Edgar B. Davis, the angel, who is reported to have made a fortune in oil, authorized a new policy of free admissions. This took away the element of risk, and made it possible for the management accurately to forecast the loss.

Evidently, the backer is willing to pay the cost as his contribution to art and to the uplift of the city. Mr. Davis has demonstrated that it is feasible to break down the apathy of theatre goers if you get the price low enough. Thus far since last Thanksgiving Day, he has been able to fill the house nightly without paying members of the audience for their time. The pretext is that the producer is altering the script of the play and wants to get



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What Bonds Should You Buy?

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Your choice of good bonds should depend on two things·

[1] Yourself

How old are you? What are the source and size of your income and your annual surplus for investment? Are you married? How many dependents? What are your tax and other liabilities? Do you own your home? Do you travel? Where is your legal residence? What are your prospects and plans? Have you made your will? Created a trust fund?

Why are you saving? To buy something? To assure a comfortable income in old age? To provide for your family? To protect a business? To meet some contingency?

Personal questions—yes. But, before suggesting the bonds *you* ought to buy, the investment specialist, no less than the medical specialist, must have facts for diagnosis.

[2] Your Present Investments

It is quite possible that some of your present holdings are not the best for you.

All the securities you now own should fit into a personal investment program, based not only upon the fluctuations of industry and a constant income average but also upon your own plans and contingencies and other personal factors.

Your present holdings are a personal matter, too. But the sincere investment specialist cannot intelligently advise you on new purchases unless he knows what you already own.

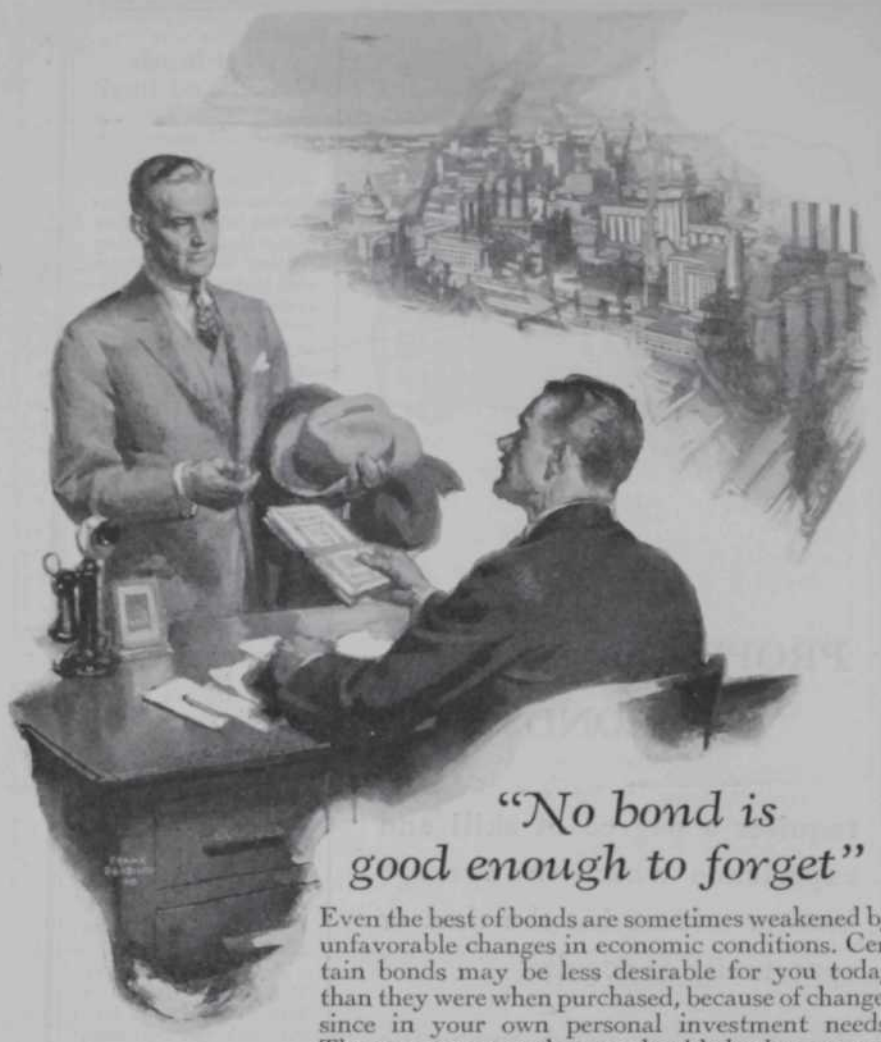
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We offer you the help of our investment department in selecting the right bonds from the best bonds the financial world affords.

Our offer is easy to accept. It entails no obligation.

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"No bond is good enough to forget"

Even the best of bonds are sometimes weakened by unfavorable changes in economic conditions. Certain bonds may be less desirable for you today than they were when purchased, because of changes since in your own personal investment needs. These are reasons why you should check over your holdings occasionally with competent advisors.

At National City offices in over fifty American cities you will find experienced bond men ready to advise you on new investments and on the suitability of your present holdings. They may be able to suggest revisions in your investment list which will improve your security or increase your income without sacrificing any investment quality you really need.

Our current list presents a wide choice of investigated issues. It will be sent upon request.

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audience reactions during the revision.

Other financiers have long acted as Maecenas for the theatre. Of them all, Otto H. Kahn is the most persistent, and the best informed on various questions relating to the dramatic and musical arts. But Mr. Davis has introduced a new viewpoint in subsidizing the theatre.

Unlike other patrons, he no longer requires audiences to contribute a least part of the expense. The nightly displays on Forty-eighth Street stir up memories of the free circuses in Rome, which the politicians used to hold to take the minds of the populace off more dangerous subjects.

Mr. Davis, who has already put aside $1,000,000 to support his hobby, according to estimates in Times Square, has given lie to the prevailing notion that the theatre is entirely commercial. The policy of "The Ladder" is the least commercial ever tried in the American theatre.

Perhaps no one is as impractical as the hard-headed business man when he ventures afield into art and theosophy.

ONE of the most interesting aspects of commercial and financial management is in restoring the credit of languishing corporations. Last year, the Central Leather Company, which had been hit hard by seven years of depression in the war-deranged leather industry, was reorganized into the United States Leather Corporation. The new management has achieved spectacular results in turning deficits into profits. Three and a half years ago the interested bankers asked Sanderson & Porter, engineers, to determine whether the troubles of the old company could be corrected.

A man in his early forties, Hiram S. Brown, was designated to write the comprehensive report on what was needed to salvage the company. The bankers were impressed with the expertness of the document, and invited Mr. Brown to become president of the company and carry out his own recommendations. And, strangely enough, he has done precisely what he said in a detached way needed to be done. Mr. Brown is now looming up on the industrial horizon as a new industrial leader.

A WHOLE industry that needs a new viewpoint is the coal industry. A. J. Maloney, who recently became president of the Philadelphia & Reading Coal Company, is attempting to substitute for the old bourbonism the modern industrial philosophy of social utility, and friendliness toward labor and customers.

The recent investigation into the situation by the Senate Interstate Commerce Commission revives the agitation for government regulation. Possibly, under constructive government supervision, the coal companies could be freed from the inhibitions of the anti-trust laws, which have contributed to the prevailing anarchy in this basic industry.

THE launching of the National Silk Exchange in New York is symptomatic of heightened public belief in the economic utility of future exchanges, as

agencies for stabilizing business conditions. The recently launched Rubber Exchange, which was at first frankly regarded as an experiment, has given evidence of success, and the removal next Autumn of restrictions on exports from British colonies will give a free rubber market a better opportunity to reflect and discount the interplay of the forces of supply and demand.

Samuel Crowther estimates that the revitalization of the Department of Commerce by Herbert Hoover has been worth half a billion dollars to American exporters. He quotes a "prominent European diplomat" as saying on his return to Europe: "No, my plan was not accepted. I did not have a chance to argue it. Those men in Washington had more facts and figures about the income of my country than I did. There was no use trying to fool them. I fooled myself."

THE Department of Agriculture has also greatly improved its economic statistics, and the intelligent farmer ought to make greater use of the free material available to guide him. Incidentally, the Crop Forecasting Board did the best soothsaying job since it was established in foretelling the size of the 1927-28 crop.

STATEMENT of the Ownership, Management, Circulation, etc., required by the Act of Congress of August 24, 1912, of Nation's Business, published monthly at Washington, D. C., for April 1, 1928.

City of Washington, District of Columbia, ss. Before me, a Notary Public in and for the state and county aforesaid, personally appeared Merle Thorpe who, having been duly sworn according to law, deposes and says that he is the Editor of the Nation's Business and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and address of the publisher, editor, managing editor, and business managers are: Publisher, Chamber of Commerce of the United States, Washington, D. C. Editor, Merle Thorpe, Washington, D. C.; Managing Editor, J. W. Bishop, Washington, D. C.; Business Manager, J. B. Wyckoff, Washington, D. C.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and address of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company or other unincorporated concern, its names and addresses, as well as those of each individual member, must be given.) Chamber of Commerce of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors.

The officers are as follows:

President, Lewis E. Pierson, Chairman of Board, American Exchange Irving Trust Company, New York, N. Y. Vice-Presidents: A. J. Brosseau, President, Mack Trucks, Inc., 25 Broadway, New York, N. Y.; William Butterworth, President, Deere & Company, Moline, Illinois; Robert R. Ellis, President, The Hessig-Ellis Drug Co., Memphis, Tenn.; Paul Shoup, Executive Vice-President, Southern Pacific Company, San Francisco, Calif. Treasurer, John Joy Edson, Chairman of the Board, Washington Loan & Trust Co., Washington, D. C. Secretary, D. A. Skinner, U. S. Chamber of Commerce, Washington, D. C.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

MERLE THORPE,
Signature of Editor and Publisher.

Sworn to and subscribed before me this 27th day of March, 1928.

(Seal) WALTER J. HARTLEY.
(My commission expires Sept. 10, 1932.)
Notary Public.
District of Columbia.

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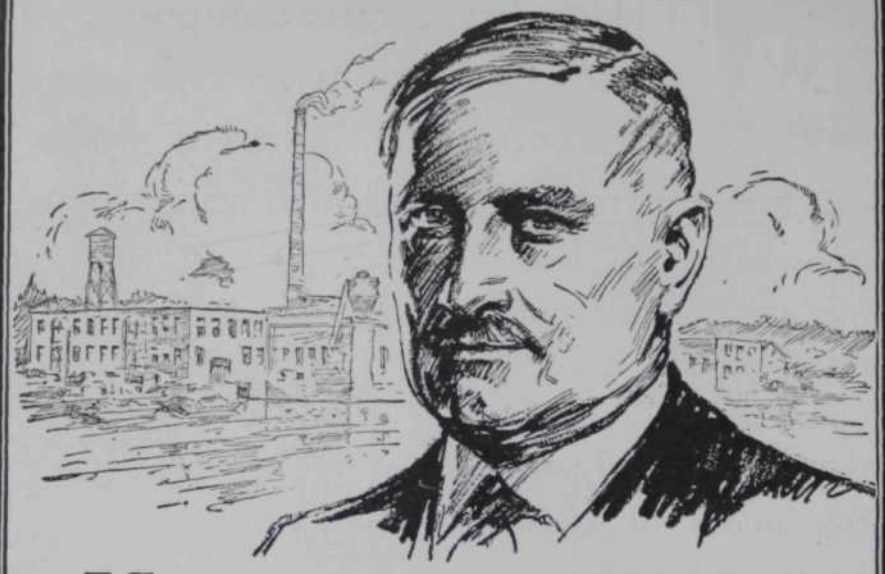
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1869 UNION TRUST COMPANY CHICAGO 1928

UNION TRUST COMPANY CHICAGO

Longer Days and Less Sleep

By UTHAI V. WILCOX

"THE BEST of all ways to lengthen our days is to steal a few hours from the night," said Thomas Moore, the poet. Experiments by psychologists and physicians of George Washington University seem to prove that this poetic advice is entirely practical. Of course, we never shall be able to double our life by staying up all night every night, but the experiments show that we might steal a small part of every night, or take a whole night occasionally in the rush season.

Professor Moss, who supervised the experiments, says that "sleep is valuable in proportion to its depth as well as in proportion to its length." In other words, sleep sound, and you will not have to sleep so long to get the same amount of rest.

During the experiment four women and five men ranging in ages from 17 to 33 years went for sixty hours without sleep, yet were able to do their work just as well as usual, if not better. One of them, a young lady, celebrated her freedom from the affliction of slumber by swimming across the Potomac one night.

Insomnia Doesn't Hurt Brain

TWO of the group, just because they liked it, stayed awake for seventy-eight hours—four days and three nights—and at the end made a better showing in an Army Alpha mental test than they had made before starting in on the prolonged period of wakefulness.

Prof. F. A. Moss, head of the university department of psychology, conducted the tests and was one of the group who found that they enjoyed going without sleep.

On Friday morning after breakfast the four women and five men were carefully examined and then went about their duties as usual, whether it was studying or business. None of them slept again until the following Sunday evening. Two remained awake until the following Monday evening. Every twelve hours they were put through the third degree to see whether their mental faculties had failed them and their perception dimmed.

But the results spoiled a whole encyclopedia of phrases as to the effect of lost sleep. Except for a little redness around the eyes, these pioneers looked as hale and hearty at the end of the wakeful period as if they had just slept the clock around.

The internal physical effects on the subjects were more striking than the external, but, with one exception, even these were not very significant. The white blood corpuscles increased considerably as the period of wakefulness lengthened, growing in the exceptional case to the point usually indicative of acute infection, a fact that tends to support the theory that sleep is probably

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due chiefly to intoxication or poisoning as accompaniment of fatigue. Blood pressure went down as the wakeful period grew.

Salesmen are going to have to do some tall explaining one of these days when the results of the mental tests are accepted by Big Business. The Army mental tests were made at the beginning and at the end of eighteen, forty-five and sixty hours, and in the case of two subjects after seventy-eight hours of continuous wakefulness, and again after they had slept.

"After allowing for the practice effect, there was no constant change in the intelligence scores at any of the periods," said Professor Moss. "There was a tendency for the scores to increase with prolonged insomnia. This should not be interpreted to mean that persons become more intelligent the longer they continue without sleep. From a subjective standpoint, the subjects admitted that they felt less like taking the tests as the periods of insomnia increased, but the actual results show that their mental ability after sixty hours without sleep was as high as it was when the experiment began. The results of this test may be summarized by saying that no appreciable change, either way, in intelligence score is shown after sixty hours of insomnia." Credit the ledger for long hours. And note:

Those who attended classes or did office work on the second day of the test got along apparently just as well as if they had slept as usual. Their sight was not quite so accurate in the laboratory tests, yet when these sleep-dodgers maneuvered their automobiles into tight places and followed the maze of traffic regulations they had no trouble.

Sleeping Is Habit

THE TESTS seem to prove that sleep is all a matter of habit. The professor said, "Our findings point to sleep as a species of intoxication. When the drunkard becomes intoxicated, what does he do? Sleeps! And, as a rule, wakes up detoxified. So in our experiments, when the subjects retired after sixty hours of insomnia, the chemical and microscopical analysis of both their blood and their urine pointed to a case of intoxication, which was cured by sleep."

It was apparent that those who were used to sleeping comparatively few hours each night needed but a brief period to catch up. The six-hour sleepers were fully refreshed in ten hours; the nine-hour sleepers were normal after eleven. Probably Thomas A. Edison, Samuel Johnson and Socrates were right about sleep.

"The length of time that people sleep is very largely a question of habit," says Professor Moss. "If, by building up new habits, or by the discovery of some other means whereby the amount of sleep required by most persons can be cut down to six hours instead of eight a night, it would be possible to increase our period of productiveness one-fourth."



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Executive Opinion—

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FREDERIC H. HILL, *Vice President*
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The Sign of a Good Hotel

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Executive Offices: 25 W. 45th St., New York

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Business That Blooms in the Sun

(*Continued from page* 28)

regions. It is true that a good bit of the upward trend must be attributed to the increasing concern for public opinion among attractions playing fair dates.

The midway is still the backbone of the county-seat fair, but the wise showman has learned that newspapers, magazines, and radio carry the light of the world along the remotest rural route. "Gyp" methods and cheap shakedowns have taken an easy toll in the lush provinces of the back country. Concessionaires in business to stay now know that the square deal is the only kind to get a repeat booking. Nowadays it takes more than a banner and a ballyhoo to loosen a farmer's purse strings.

Fairs Becoming Businesslike

ALONG with the development of a more discriminating public taste it is not hard to discern an upward revision in the management of fairs. The application of modern business practices is usefully exemplified in the organization of the Middle West Fair Circuit—a chain in which 13 state fairs are linked in a route of 4,000 miles. Exhibitions begin the third week in August and close the third week in November.

These fairs provide a convenient window for display of the crops and industrial products of a prosperous and populous region. They offer information and diversion in compelling variety. No longer is it necessary for the visitor to feed his fancy on a picture of "decrepit daisies from the brush of little Maggie Hoosis, age 10," who lives on the other side of the county. No longer need he take his measure of progress from the neighborhood nags entered in the "2.40 trot." Fairs are on the way to the rating of "big time" when one state can report for one season, as Ohio did, that 2,000,000 of her citizens attended her fairs and that the gate receipts were $525,000.

Evidence of a new trend in midway attractions is now on view. Twenty fair grounds in one state presented 128 "home talent" theatrical performances last year. The fact that 26,000 people gave proof of their interest by their presence signifies an increasing urbanity in the rural state of mind. Grand opera is also getting a try out on fair grounds.

At first glance, the idea of the Bingville grange going in for culture might rouse a loud guffaw. But the rising level of intelligence and taste in farm communities is not funny to troupers and carnival men. It was a smart showman who said "The fair is not the business of fooling yokels. There are no more yokels to fool."

The wonders of the midway have been the carnival's profitable stock in trade since the Chicago World's Fair blazed the first trail of bright lights. Not every one could get to that national festival, but the patronage was enough to tip off the opportunity for a traveling exposition.

The modern carnival is circus, vaudeville, menagerie, museum, and amusement park all in one. Estimates of the present number on tour vary, of course, but 200 is given as the maximum figure and probably 50 would include the largest and most pretentious. Carnivals occasionally make stands in large cities, but they are chiefly distinguished for bringing "big town" amusement features to small places. It is through the resourcefulness of carnival men that Ferris wheels and "merry-go-rounds" are no curiosities to children in the drabbest villages.

Since that epochal day in 1894 when the first carnival outfit left Syracuse to take the open road, the ethics and equipment of carnivals have been pretty thoroughly renovated. The "hooch" dances, the "fairies in the well," and the snake eating are good business no longer. As one observer puts it, "The parade has passed on skin game concessions." City and state legislation have helped in the clean-up.

All steel car equipment is not rare, and the massive wagon and panel fronts with hand-carved ornaments in gold leaf shame the modest flash of the old-time canvas fronts. Not all the "net" from the summer tour is salted down. A good deal is spent with merchants where the carnival puts up for the winter, and when the outfit supports 400 people, as some of them do, the town's income is considerable. Lexicographers may contend that a carnival is a period of festival just before Lent, but any experienced carnival man knows the wisdom of waiting until after Easter before taking the road.

When Old Sol really begins to bear down, amusement park managers know that perspiring humanity does not care whether it is the heat or the humidity. They know that people are concerned with recreation, and in that knowledge they have provided the refreshing amusement trinity of parks, piers, and beaches. Although a good many of the 716 resorts scheduled to open this season are hardly more than picnic grounds with facilities for music and dancing, about 250 have equipment valued at $200,000,000. Estimates of the total attendance for a normal season vary from 150,000,000 to 200,000,000.

New and Better Thrills

EXCEPT in the far South, Labor Day is the approximate deadline for closing. But the weather is not the only gamble. A new "thriller" may not pay, and yet the management must keep on trying to satisfy the expectancy of excitement in new forms. A revelation of the character of the business is in the warning "Hold your hat and don't stand up." The device that exhilarated one generation may get only yawns from the next. At the Chicago World's Fair, the Ferris Wheel was a novelty, and its gross revenue was $726,000. At St. Louis in 1904 the return had dwindled to $450,000.

At Philadelphia, "it would not have

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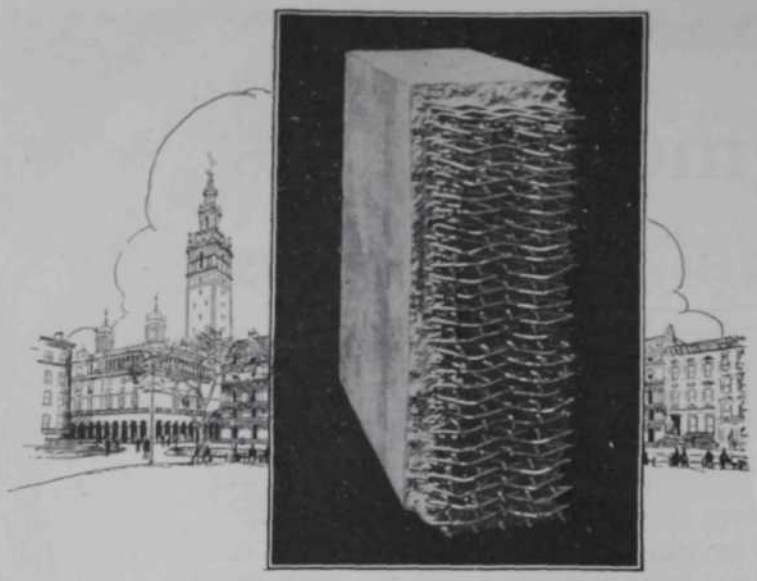
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taken in enough to pay the employes."

Intown and country resorts have different appeals to patronage, but the suburban park is less likely to face a parking problem. Here it is plain enough that the automobile is a considerable factor in the amusement business. If a party drives 20, 30, or 40 miles to a park, its members may resent a gate charge. And the ability to lock the car means that wraps and parcels probably will add no cash to the check room. More important, perhaps, in the viewpoint of the management, is the ease with which motorists can depart. They may bring their lunch, stay for an hour or so, and leave nothing but litter. When railroad excursions were in full tide, crowds went a-junketing in earnest. They could wear themselves out on any day of rest. They spent the day and a good bit more.

Collegiate Vacation

THAT the Chautauqua is something more that a salute every one now knows. For this seasonal institution puts the lecture platform and the concert and dramatic stage under canvas, and gives the whole country a fair chance to see and hear literary and other lions at bargain prices. As one of its by-products it helps college boys to the answer of what to do with summer vacations. For it is of such stuff that the crews are usually made.

Figures on the magnitude of the Chautauqua business are elusive, yet there is suggestion in the fact that thirty lyceum, lecture, and entertainment bureaus are listed in the *Lyceum* magazine. Chautauquas operate in every state, and every year present their programs to millions of people.

One estimate puts the number of Chautauqua bookings at six thousand a year. Three-day stands, with two performances a day, are common. There is reason enough to believe that the Chautauqua business amounts to millions of dollars a year.

The day may never come when seeing America through a railroad car window will give way entirely to looking at it through the windshield of an automobile. Undoubtedly the vacation traffic on our railroads amounts to millions of passengers and millions of dollars. But it is just as certain that the number of persons allured by the not-so-open road is increasing annually.

Estimating the number of these summer nomads is a matter of some guesswork, of course. Discerning and reasoned observation has put the number of tourists this year between 40,000,000 and 44,000,000. On the higher figure their expenditures are calculated at $3,630,000,000, with two thirds of the amount assigned to hotels and "tourist homes." Significant trends in this seasonal touring are the decrease in the use of tents en route, the apparent increase of "cottage" camps, and the rising interest in places where history was made.

Along main travelled routes, roadside markets now invite custom with farm produce that includes everything from

fresh fruit to hooked rugs and antique furniture. Filling stations of one sort and another bring their bright fringe of commerce to the highway's edge. The operators of "hot dog" stands and gas pumps have been quick to make capital of the needs of man and car.

Not all business that makes hay while the sun shines is seasonal, of course, but some names suggest peak activity during the sunburn period. "Awnings, tents, sails, and canvas covers" thrive on sunshine, as is shown by the valuation of $48,568,000 for those commodities produced during 1925, the latest year for which a census of manufactures is available.

And who would not like to be the nation's ice man when sales mount up to $187,000,000 a year! If all of the ice cream made in 1925 had been packed in one huge freezer, it would have been valued at $286,175,000. The magnitude of the nation's thirst may be estimated by the value of $237,760,000 put on the year's production of beverages. Peanuts, small in a political sense, are rated as "big business" by the twenty-million-dollars output of roasting and shelling plants.

Sporting and athletic goods, not including firearms, which were manufactured in 1925 were valued at $42,629,000. Sales opportunities in this line come readily to mind—baseball, fishing tackle, bathing suits, golf suits, tennis, motor touring and camping equipment. If baseball is the national game, golf has become a national recreation. One enthusiastic estimate puts the number of public and private courses at 5,000 and the number of golfers at 5,000,000.

As for bathing suits, it may be that the continuous round of beauty contests will take this business out of its normal seasonal range.

Year Round Fishing Stories

A SUGGESTIVE measure of the market for fishing tackle is provided in a report of the United States Bureau of Fisheries. During the year which ended June 30, 1927, the output of the Bureau's hatcheries was 51,500,000 trout and salmon, and about 36,200,000 warm water species, such as the basses and sunfishes. As 9 states require no license for fishing and 29 states require no residence fishing license, it is impossible to determine the number of anglers with any degree of accuracy. It is estimated, however, that at least 10,000,000 Americans go fishing sometimes each year. One thing is sure—there is no closed season for the stories.

While yachting may still be the exclusive refuge of the tired millionaire, there are many builders to offer evidence that boating is a popular pastime. The little craft that will carry three or four, or perhaps eight people, run as economically as a motor cycle, and that can be bought for a few hundred dollars has grown from virtually nothing to a fleet of 100,000.

From the evidence in view it is readily apparent that a good many businesses have found a profitable place in the sun. As was said in another connection, "There are millions in it."



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Shelbina, the Cash Town

By R. C. STOKES

SHELBINA, Shelby County, Missouri, a thriving agricultural trade center of 2,000 population and more than fifty business houses, is one of the very few towns in the Middle West, if not the only one in the country, that is practically a cash town.

The first firm to introduce the cash system in Shelbina was Lasley's Clothing Store, fifteen years ago. It was such a success that the other clothing store and the dry goods stores soon followed, and gradually the entire town took up the custom until now every place in the city has adopted the cash plan.

Shelbina has two banks, the Old-Bank Trust Company and the Commercial Bank. The bankers say that when would-be customers desire to purchase something for which they have not the ready money, they come to the banks for short-time loans, thirty, sixty or ninety days, and that these short-time loans are always met, many times before the date of maturity.

Income for the Occasion

FRANK DIMMITT, head of the Old-Bank Trust Company, adds that even the demand for short-time loans has decreased greatly, because people depend upon their cream and egg money largely, and this custom, he thinks, is growing year by year.

Cashier C. W. Rash, of the Commercial Bank reiterated Mr. Dimmitt's statement. "There are two large poultry houses here in town that buy poultry the year around," he said. A farmer's wife as a rule has a lot of chickens and any time the family feels the need of a little money, she goes out and draws on the hen roost, brings the chickens in to Shelbina and gets the cash for them.

"We also have two shippers' associations, one cooperative. The farmer can ship one, two or three hogs, or a carload at a time; one calf, or a dozen; a couple of sheep—just whatever he happens to have."

Significant and outstanding is the fact that there have been only two failures in Shelbina for fifteen years or more. These were minor concerns and running on "shoestrings."

There have been business changes, it is true, old people leaving, and new ones coming in, just as there are business changes in any other place. And from all reports, many of those who have moved, would be glad to be back again where credit is unknown and where the dollar will go as far as anywhere.

One incident shows how the cash system is followed. A man who came into a combination store said he had torn his overalls unloading some chickens, and was in sore need of another pair. He asked the merchant to let him take a pair of overalls and pay for them when he got his chicken check. He had inadvertently left his pocket-book at home. The merchant told him to leave the overalls there, and when he came back with the check, the garment would be waiting.

Asked how he handled his credits, N. J. Madden, a grocer and meat dealer, replied: "I came here six years ago, and I have not sold a thing on credit since I started my business. I know just what I have every night and I do not have to worry about whether I am going to get my money for something I have sold."

Elmer Ray, hardware dealer, said he had no worries about credits or collecting bad accounts, because he had no accounts.

George Henry, who sells farm implements, said that when the farmer hadn't the money he took a bankable note, and he added, "If I need the money, I just turn the note over to the bank."

The cash business is not confined to Shelbina alone. Some six miles south of the city in the Crooked Creek neighborhood is the Crooked Creek store, serving a neighborhood of about seventy families. A former proprietor said that in the twelve years he had the store he had only four customers who refused to pay.

The present proprietor, S. F. Gaines, who has had the store for two years, declared he hadn't a dollar out. And this store does an average business of fifteen hundred or two thousand dollars every month.

What is the direct result of the cash system? It makes a prosperous place. The business houses are substantial. The stocks are well displayed, and are neatly and attractively arranged.

Prosperous Community

LAST year five city blocks were paved. The citizens own their own water works, and in December completed a hundred-thousand-dollar high school. They have a beautiful library, with probably ten thousand volumes. Their free tourist camp is much used, since the town is located at the intersection of two paved highways, the Pike's Peak Ocean to Ocean highway running from east to west, and the Pershing highway cutting through the main street north and south.

Shelbina has a live Chamber of Commerce, with T. J. Rice, president, and Roland R. Lasley, secretary. These officials look out for all business interests and chances which may come to the city. They also are responsible for the free band concerts each Saturday night in summer supported by the merchants.

One merchant calls these concerts one of the biggest business getters ever tried. He says that people from fifteen to twenty miles in every direction come to hear them, some passing up their own natural trading points, and that many times two thousand outsiders are on the street Saturday night, most of them doing some trading.

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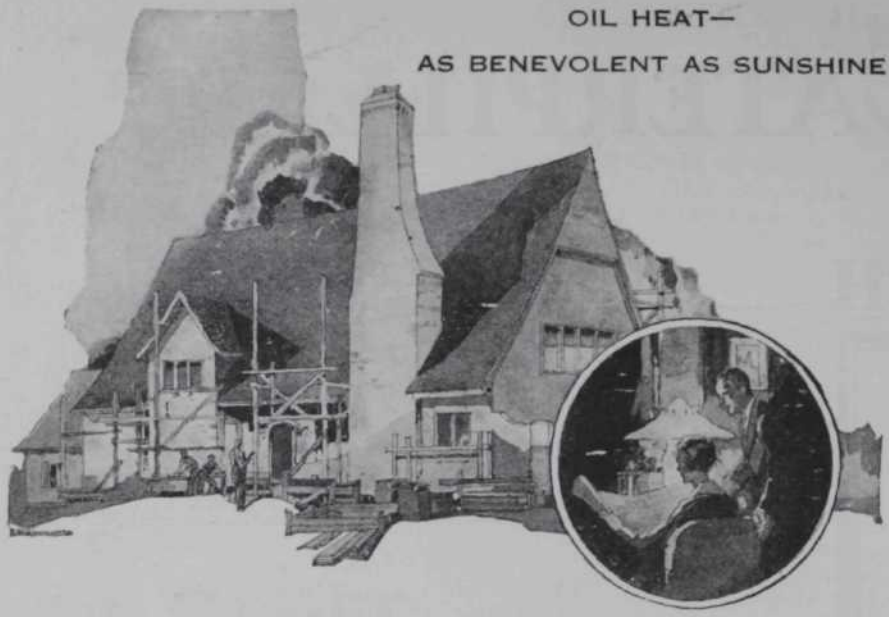
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Congress and the Lobbyist

CONGRESS has been having one of its periodical disturbances over lobbyists. The Senate has passed the Caraway bill which would require lobbyists to register and to show the source of their income. Congress doesn't want to abolish the lobbyist. It merely wants to label him.

A lobbyist, says the faithful Webster's, is a person who "addresses or solicits members of a legislative body with intent to influence their votes," a definition which includes a good part of the United States.

Congress Needs Lobbyists

COULD Congress do without lobbyists? Is its own knowledge sufficient to enable it wisely to pass on legislation? Does it need advice from without?

Even Senator Caraway thinks the lobbyist has his place. Said he in advocacy of his bill:

> It would reach the people who are here for hire, who want an advantage, and who do not want people to know who are their employers, or how much money they spend.
>
> There was a man down here who picked up $60,000 from some people interested in legislation. He said he spent $58,000. We want to reach that sort of a man and make him tell, first, who employed him, and, second, how much he received, how much money he was given for lobbying, and what disposition he made of it. If we had a statute which would make such men reveal their interests, that sort of lobbying would stop.

Gullible Big Business

THE strangest thing is this: The most gullible people in America are the big business interests. They will hire a lobbyist who is so cheap he could not fool a 10-year-old boy, and he will live off of them for years. They will load him up with money and he will come down here and write lying letters back to them, and they will take up new collections and finance him to do wonders, and no one ever saw him who did not realize how cheap and ineffective he is. I have a personal rule—whether it is a good one or a bad one—that when anybody comes into my office and commences to open a brief case and say, "I represent so-and-so," I say, "Then you go out in the hall and represent them, but you will not do it here in my office." Such men can go before the committees.

But, as I said a moment ago, some groups of people who are here representing organized labor, representing farmers, representing many other things that are high class, are helpful, and nobody needs to have a check upon them because they are not trying to use money to influence people.

A more tolerant attitude was taken by Senator Bruce of Maryland, who said:

> As I said, I for one am sick of hearing these constant references to lobbies. I have been a member or connected as a

law officer with legislative bodies for no small part of my life, and I have had hundreds of citizens, interested or disinterested, to approach me to present their views to me with reference to legislation, and never once in all that time—I say it as if I said it at the foot of an altar—never in all that time did I ever have any human being approach me with any improper proposal as to a matter of legislation. They all, to use the happy phrase of the old English poet, felt that so far as I was concerned:

"He comes too near that comes to be denied."

I say without a moment's hesitation that the lobbyist is my best friend. I would as soon complain of the approaches of any man, I care not who he is, that is interested in any matter of pending legislation to me, as I would of a witness being allowed the privilege of testifying in a case because he was interested in the case. Let the lobbyist present his case to me and I will determine for myself how far it should and how far it should not be discounted by his selfish interest in the particular legislative subject matter about which he is concerned.

Senator Bruce went on to apply his belief in the need of lobbyists to the pending resolution for an investigation of public utility companies.

Is it not allowable for me to say that the representatives of those electric light and power companies as American citizens had just as much right under the circumstances to stand about our doors here as we had to sit in our seats here? Ah, no, says Senator Walsh from Montana in effect, they are nothing but a lot of ravenous wolves skulking about a stockade.

Indeed in his views about this lobby he becomes as irate as though aflame with moral indignation of the loftiest order at the very idea of a group of American citizens insolently coming here for the purpose of presenting their case to this body. He reminds me of a thing that I read some time ago about a London costermonger.

The author said that he overheard this costermonger curse an eel because the eel would not lie still while he was skinning him. By the way, that incident takes us back to King Lear, where the cook boy says to the writhing eels in the hot pan:

"Down, wantons, down!"

The Senator is very much provoked because the great electric light and power industry will not lie still when threatened with unfair treatment, and exclaims, too, "Down, wantons, down!"

Alaska Road Profits

FOR the first time, the Alaska Railroad has shown a profit. December revenue was greater than expenses by $5,619. Lacking explanation, it would be pleasant enough to believe that the road had prospered on the seasonal shipments from the arctic workshops of Mr. Claus.

But the prosaic fact is made of sterner stuff than toys. "Dredge material" is the unromantic verity.—R. C. W.



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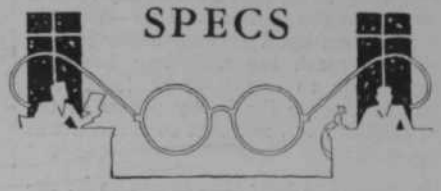
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THROUGH THE EDITOR'S SPECS



M. W. STARK, President of the American Column & Lumber Company of Columbus, Ohio, after an agreeable bit of praise for the editorial in January called "Let's Clear Up the Fog," goes on to say, taking the Bertrand Russell article as his text:

It has appeared to me that the average European has more love and more respect for a dollar than the average American. This is shown in countless ways which need not be discussed here.

The average American's wealth is too often judged by the freedom with which he scatters his money. This way of judging is common in America and seems to be the European way of judging Americans.

I agree with the claim that in America success as measured by money is often overemphasized, but that is a passing phase of our national development.

I have read discussions by foreign writers who attempt to reconcile our Idealism, and our Materialism. I think the real answer is that some of these writers have overestimated both, more particularly the latter.

On the other hand, how can we reconcile the claim for European emphasis on the "finer things" and their relative indifference to idealism. Can the trade rivalries, the national rivalries, the bitter hatreds and the national fears so prevalent in Europe be shown to have anything other than a materialistic basis. Was the European attitude towards the Peace Treaty flavored with recognition of the "finer things" or was it materialistic?

CABLE and wireless have knit the world together. Our morning newspapers quote stocks on the exchanges of the world and the Tired Business Man calls up his wife in Paris to tell her not to worry, that he's in bed every night at 10.

But he's a stolid editor who does not get a little additional stir when a reader in a far away corner of the world writes to tell him, "I am sure about Nation's Business and I have much pleasure in enclosing £1 11s 3d as a subscription for a further three years."

The writer is H. S. Montgomerie, of Wanganui, New Zealand, and here is something of what he has to say of the things he's read in Nation's Business.

As a producer in a country which is almost wholly dependent upon primary production, I am particularly interested in the topics in Nation's Business which concern this ancient industry.

The whole world over the purchasing power of the agricultural dollar is below that of the manufacturing dollar, and this uneven basis of exchange must be regarded as an international disaster.

With the object of attempting to even up



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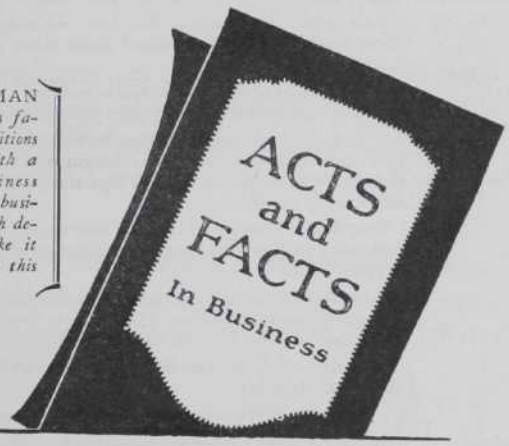
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When writing to above steamship lines please mention Nation's Business

at least the local basis of exchange your U. S. farmers supported the McNary-Haugen scheme.

At such times as we are not bowed at the feet of the God of War we are supposed to be bowed at the feet of Economic Law, and the McNary-Haugen scheme not only violates local economic conditions, but it is particularly selfish in that it violates the rights of other producers in world markets.

I don't blame the U. S. farmers for ignoring this aspect of the scheme but this aspect should be recognized.

One aspect of American business which interests me greatly is that of advertising and salesmanship.

Now that Americans have standardized advertising as an art, and now that the major advertising agencies offer equal facilities for all, surely these superhuman efforts of rival traders result in reciprocal cancellation of advantages, in reducing all to a non-advertising level, while the huge cost of the so-called service has added to the ultimate cost of the goods sold to the consumer.

I should further like to see your American efficiency experts study the question of the increasing spread between producers' costs and consumers' prices. All the gains in the manufacturing field are being lost in the distributive field.

ERNEST F. DuBRUL, general manager of the National Machine Tool Builders' Association, is naturally "machine-minded," and in a recent letter he coins a phrase to describe a new factory erected in Milwaukee by A. O. Smith & Company for making automobile frames.

"It isn't," he says, "an automatic machine, it's an automatic plant," and goes on to describe its wonders:

Hundreds of automatic machines are hooked up together doing 552 operations, producing between 300 and 350 frames per hour. The steel strips start in at one end and in two hours come out the other end as complete frames. Even the inspecting of the sheets is done by an automatic inspecting machine through sensitive electric contacts that gauge the strips for length, breadth, thickness, twist and about every other condition that could be asked for in an inspection.

The strips that do not pass the inspection are automatically rejected and sorted out by this machine; and then, this is a mere incidental machine—just one of hundreds of other machines all working in time.

And Mr. DuBrul adds that if we want to thrill Berton Braley, who's writing of the spirit of machines, we should "send him out to Milwaukee to look at this plant."

AMERICAN cities are getting their faces scrubbed, and a new industry is rapidly assuming very interesting proportions. Send your office building to the laundry, and get it back by Saturday night, nicely washed and ironed! Washington, a number of Northern municipalities, and, in the South, Atlanta, are going in for cleanliness, and as the dingy buildings shake off their soot and dust, and emerge with shining façades, all dolled up, and well-lathered behind the ears, one has to rub his eyes to rec-

ognize his own home town. In Washington, for example, a new white city, spick and span, is coming into view by the magic of soap and water, and within the past year the artistic beauty of the Nation's Capital has been greatly enhanced. It costs around $2,500 to steam clean and press an office building of average size, while the job of spicking and spanning up the Treasury, or the Union Station, might run up as high as $12,000. It is worth it. Beauty and cleanliness are real assets to any community.

NOT so many years ago a mining engineer was sent to the interior of Mexico to speed up work on a silver mine.

He found primitive means of moving ore and sent in a hurry call for several hundred wheel-barrows. They arrived and were eyed with a little distrust by the miners until the señor took one by the handles—followed by the mine foreman with another—and wheeled it into the mine. Whereupon the others followed.

Once inside, they were shown how to fill the barrows. Several carried out these instructions to the letter, until they had learned the art sufficiently to be left to their own devices.

Then, with instructions to carry the ore to the waiting cars, the superintendent and foreman left.

Sometime later the engineer and foreman returned, expecting to see great progress. Instead, they found the men cheerily wheeling their barrows into the mine and filling them with ore. Then it required three or four men to carry the load out: two shouldering a handle each and the others bearing the rest of the weight.

They had not been taught to wheel out the loaded barrows; merely to wheel them in—and had been told to *carry the ore out!*

MANY and varied are the reasons given for not reading the NATION'S BUSINESS.

One man writes recently that "It does not appeal to me as a guide to the best interest or the general welfare or the domestic tranquillity of the great consuming masses."

It seems a very large order for any periodical to undertake.

ALL OF US can remember when luggage was only luggage—just a handy something in which to put clothes and other personal possessions. Now we are dependably informed by J. B. McEwan, manager of the Luggage Information Service of Chicago, that luggage is something more than an uninteresting necessity. By his definition, bag and baggage reveal a new quality of beauty, along with their ancient reputation for usefulness. The sophisticated traveler, Mr. McEwan assures us, is proud of his luggage and interested in it.

We are inclined to agree with this

Plant of the California Corrugated Culvert Co., Berkeley, California



H. W. FORCE, *President*
California Corrugated Culvert Co.

The Best Location!

ACCORDING to H. W. Force, President of the California Corrugated Culvert Co., the industrial zones of the cities located on the east side of San Francisco Bay offer the best location for serving the western United States and the export markets of the Pacific for the following reasons:

"The production per labor unit is found by manufacturers to be much greater here than elsewhere. This is partly due to an ideal climate and excellent labor conditions. Exceptionally good switching facilities at a low rate to deep-water docks and by spur track to main lines keep down shipping costs on both raw material and finished product. The fact that desirable factory locations can be bought on a very reasonable basis also aids the manufacturer.

"The geographical location is such as to make this district the center of distribution for a large territory, embracing the eleven western states. It is also an ideal center for foreign shipments. Where companies intend having but one plant on the Pacific Coast, it proves to be a better location than can be found elsewhere.

"These observations are based upon our own experience with six manufacturing plants located in various parts of the country, as well as upon the experience of others who have come here and started plants as branches of eastern companies, many of which have branches located all over the country."

IN ORDER to give you the actual experiences of nationally-known manufacturers operating in the Oakland Industrial District, statements from a most representative group have been published in a booklet, *"We Selected Oakland,"* mailed on request without cost or obligation.

Send for *"We Selected Oakland"*

An industrial survey will be prepared for any manufacturer interested in a Pacific Coast plant. Write Industrial Department

Oakland Chamber of Commerce, Oakland, California

or the Chamber of Commerce of any of the following cities:

Alameda Berkeley
Centerville Emeryville Hayward Irvington Livermore
Newark Niles Pleasanton San Leandro

When writing to OAKLAND CHAMBER OF COMMERCE *please mention Nation's Business*

The Cream of American Business Opinion

THREE THOUSAND leaders of American business and industry gathered in Washington from May 7 to May 11 at the Sixteenth Annual Meeting of the United States Chamber of Commerce.

TEAMWORK FOR PROSPERITY was the subject discussed for five days at round table, group conferences and general sessions of this meeting.

That business men all over the country might *know* and *use* the combined conclusions of these men at this meeting, the complete story of what they said and did here is told in the

1928 *Extra Edition* of NATION'S BUSINESS

THIS 80-page publication outlines a program of TEAMWORK within, between and among *all* branches of business and industry.

Containing the cream of American business opinion, the EXTRA EDITION is the most pertinent and vitally important business document of the year. It will be read from cover to cover by business men in every industry and every section of the country.

Subscribers to NATION'S BUSINESS will receive the Extra Edition as a dividend. But you may order additional copies for distribution among your customers, business associates, friends, organization members and others at cost—10 cents each. We will mail them, at no charge, to your list—or will send them to you in bulk, prepaid.

The minimum order is ten—10 copies for one dollar. There is no maximum. Use the coupon below in sending in your order today.

TO THE UNITED STATES CHAMBER OF COMMERCE,
Washington, D. C.

Please send.....copies of the EXTRA EDITION of NATION'S BUSINESS published June 5, containing 80 pages, printed in color, graphically illustrated, and carrying a complete report of the Sixteenth Annual Meeting of the United States Chamber of Commerce. These copies are to be billed to the undersigned at *cost*, 10 cents each.

☐ Mail them, please, *without additional charge*, to the enclosed list.

☐ Send them to me *prepaid* in bulk.

NAME.....

ADDRESS.....

judgment and to see a businesslike progressiveness in the purpose "to offer such information to individuals and groups as may be of value to them." It is no doubt true, as he says, that changes in fashion, and changes in methods of travel, have caused a considerable diversification in the forms and materials of luggage. For a long time the world has been urged to pack its troubles in its old kit bag. Perhaps it will learn that a "Gladstone" is really the proper thing for lugging off its gloom. As for our own feeling about luggage, we can take it or leave it. Just the same, we shall be interested to see whether the promised information goes for Sweeney, the baggageman.

TO SIMEON STRUNSKY our thanks for a new chapter in the Book of Babbitt.

Writing in the *New York Times* in discussion of Professor Charles A. Beard's article in the *Menorah Journal*, "Is Babbitt's Case Hopeless?" Mr. Strunsky says:

> It seems to me that Dr. Beard could have done more with history than prove that business men are not altogether immune to culture. He might have gone on to show that business men have played a very handsome rôle in the creation of great national cultures. Am I mistaking coincidences for causes? Possibly. But it is a fact that for the great cultural epochs of Western civilization we must look to the commercial peoples.
>
> Ancient Athens was a trading community. Her cultural glory in time coincided with her naval empire. The cities of the Italian Renaissance were trading and manufacturing communities; Venice, you know, and the three golden balls of the pawnbroking Medici. The trading and manufacturing communities of Holland and Flanders were fairly hospitable to and productive of art. Elizabeth's England was the England whose Merchant Adventurers began to roam the seas, and not always in the spirit of service instead of profit. Victoria's age was manufacturing and trade at an unprecedented climax.
>
> Thus it would appear that, successively, Babbitocles, Cosima degli Babbittiani, Mynheer Babbitt, Francis Babbitt Drake and John Halifax Babbitt were not inimical to civilization. The presumption arises that George F. among us may be doing, proportionately, his share.

THE *Danbury Evening Times* pleasantly mingles praise and reproof when it says:

> The Federal Trade Commission has closed two investigations: one on bread and flour and the other on electrical equipment, finding competition keen in both industries, whereupon NATION'S BUSINESS, which is much the most imaginative, interesting and intelligent of business periodicals of the world, says that these inquiries lasted over a period of years, cost large sums of public money, larger sums to the industries investigated and "all for what."
>
> When a private institution has itself audited once a year its directors are gratified if they find nothing wrong. The public audit of an insurance company is costly, but the reward is precisely in the assur-

ance that the chance that everything will be all right is much increased.

Public investigations of private enterprise may sometimes be justified upon the theory that they are a kind of audit justified less in the discovery of evil than in the assurance they give that there is none.

Perhaps, but such an audit may be too expensive if it means a sacrifice, even temporary, of confidence in an industry. One trouble with Government investigations is that they carry with them in the public mind an imputation by the very suggestion of investigation that something is wrong. Put John Jones on trial for theft, acquit him and send him from court with words of praise and apology ringing in his ears, and still some one will say:

"W-e-l-l, maybe he didn't do it, but it's kinder funny they arrested him, ain't it?"

"SHOW us the way to sell" is the cry in this mass production age. In a recent issue of this magazine a caption said:

"Fortunes await the man who will invent a new device for selling."

One correspondent wrote:

"We have, we believe, a new device or plan for the sale of automobiles which has many advantages over present sales methods. We know our plan will stimulate sales, prove more attractive to the purchaser, dealer and manufacturer."

A device that will please all three *would* be good, and any manufacturer of automobiles who wants the writer's name may have it.

PERHAPS nothing shows a lower taste in humor than laughing at another person's mistakes in a language which is foreign to him and common to us, but we did smile a little when a correspondent from Germany wrote the following:

As Bremen is the most prominent railway port amongst the German ports having only the little Weser River to supply the traffic of swimming goods, we are much interested to inform ourselves about the American Railways as the German railways not as far are able to transport as heavy weights, like the American railways do.

FIGURES never lie but liars figure. You can prove anything by statistics. Using the same Treasury statement, the party in power can point with pride and the outs can view with alarm. Before reaching a conclusion from any set of figures one ought to have all the figures. But let a story illustrate:

Matthew Sloan, of Brooklyn-Edison fame, found himself sitting next to a stranger at a recent banquet. To make conversation, he asked:

"Do you play golf?"

"Yes, a little," came in reply. "I go around in about 150."

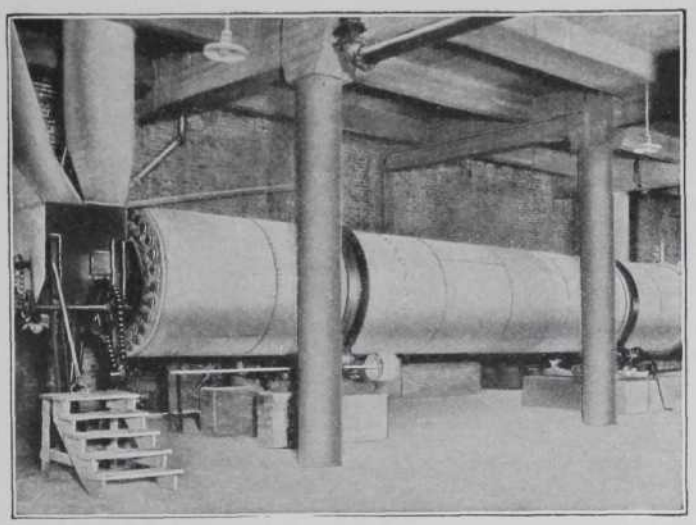
Sympathetically, Mr. Sloan asked, "What department of the game are you particularly off in? How's your putting?"

"The putts? Oh, I never count the putts."

M.T.

A Space Saving of 83 Per Cent

effected by a Louisville Dryer



A certain manufacturer (name and address on request) is required to dry a raw material which enters into his product.

Until recently he employed a dryer which occupied a large area of valuable floor space. Wishing to devote part of this space to other purposes, he asked Louisville Drying Engineers to design a more compact dryer which would accomplish the same or better results.

After thoroughly investigating his problems, Louisville Drying Engineers installed a Louisville Rotary Dryer which occupies 83% less space than the dryer formerly used.

What is more, this dryer has effected large savings in fuel and labor, and by delivering dried material *continuously*, has speeded up production throughout the entire plant. Despite these economies the quality of the dried material is even better than before.

5 Ways
to cut drying costs

1 The first way is to permit Louisville Drying Engineers to make a study of your drying problems. They will recommend a Louisville Dryer which will . . .

2 Cut fuel expense from one-third to one-half in many cases.

3 Deliver dried material *continuously*, thus permitting of uninterrupted plant operation.

4 Cut the number of attendants needed to one in most instances.

5 Reduce the amount of floor space required as much as 80%.

No matter how unusual your product may be, the wide experience of Louisville Drying Engineers enables them to dry it more efficiently and economically. Their advice is yours, without obligation, if you will return the coupon below.

LOUISVILLE DRYING MACHINERY COMPANY.
Incorporated
Hull St and Baxter Ave.
Louisville, Ky.
Cable Address, Loudry, Louisville, Kentucky

Pin to Letterhead

Mail to Louisville Drying Machinery Co., Hull Street and Baxter Avenue, Louisville, Ky., for further particulars of the service offered by Louisville Drying Engineers. No obligation.

Name_____

When writing to Louisville Drying Machinery Company *please mention Nation's Business*

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THIS is the first of a series of editorials written by leading advertising men on the general subject of "Advertising"

Mass Advertising Aids Production

DURING the past two decades the rapid development of mass production has been one of the great achievements of industry. But matching this achievement, and controlling it, has been the equally important development of mass selling.

Modern production machinery is capable of turning out goods at a terrific rate. Were it permitted to work at its maximum speed the world's markets would soon be hopelessly glutted. Economic chaos would quickly follow.

Mass selling has become largely a matter of mass advertising. Without it mass production would be a curse instead of a blessing—would breed panic instead of prosperity.

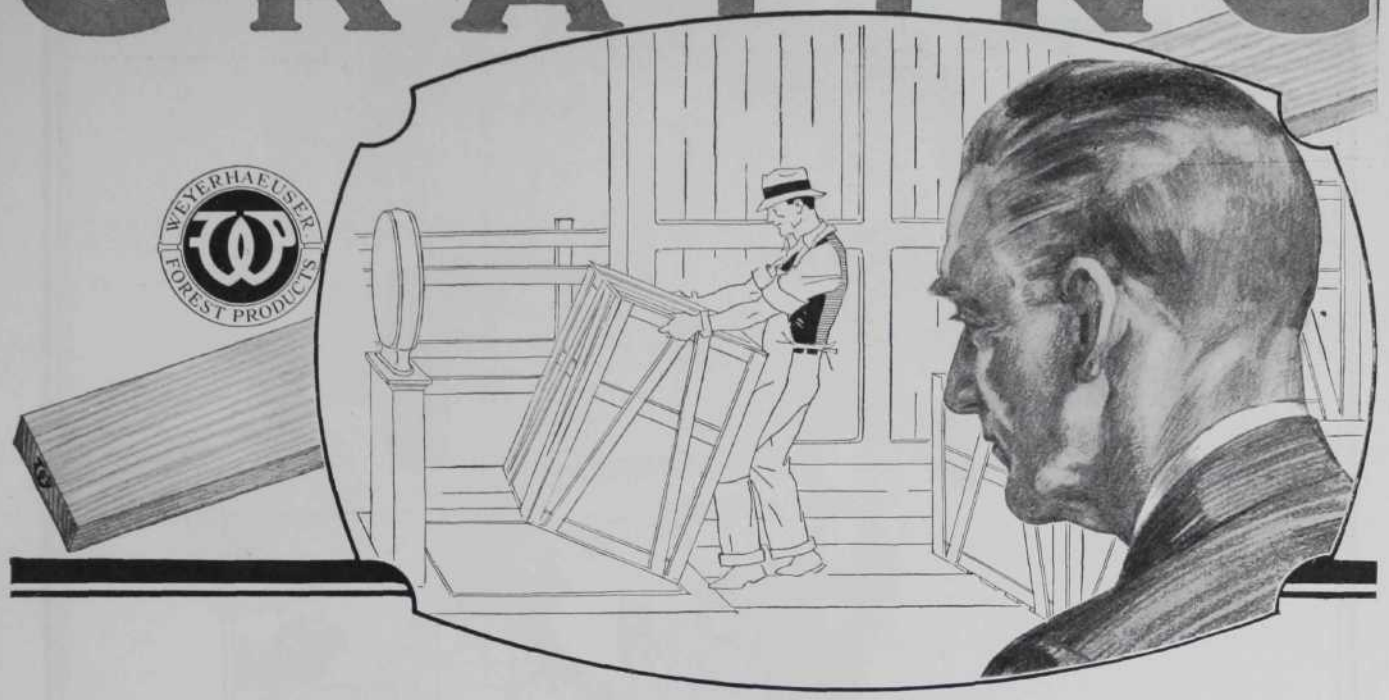
Production and selling now work as a team. Under a good correlation system the sales department is given the initiative. It surveys its market for the coming year—often an elaborate analytical process. It determines the probable volume which the market will absorb. It then reports to the production manager the quantity which will be required during the succeeding twelve months.

Without planned mass selling and advertising it is evident that mass production would have fallen far short of being a boon to business. It cannot stand by itself. In agriculture we find a striking example. Nature has always provided mass production, but it is only within the last few years that man has provided controlled mass selling for any of the products of the farm or orchard. The citrus fruit growers of California have proved that mass selling can control the demand for the lavish mass production of nature.

Mass production is being applied to goods of every sort, from soup to radio receivers—from cigarettes to automobiles, but its profitable application in the past, the present, and the future, is dependent upon mass selling. Today mass selling means telling your story to countless thousands through the pages of the magazines and newspapers, through posters, the radio, the moving picture. Tomorrow, television will be added.

W. L. RICKARD,
Rickard & Company, Inc.
New York, N. Y.

CRATING



That Shipment Going Out—*how will it look when the Customer receives it?*

EVERY crate of merchandise you send out is either a *help* to your good will—or a detriment. Look up your adjustments for the past year—the claims—the returned shipments—the "allowances."

Dead loss. And *worse*, it cancels some of the best efforts of your salesmen—takes the heart out of them—makes it that much harder to recoup the loss and go ahead.

Don't say this can't be helped. It can! We have *proved* it—to hundreds of business men.

Weyerhaeuser Crating Methods will do it. Call up the Weyerhaeuser man. Make him prove these points:

Weyerhaeuser Cut-to-size Crating will build your standard crates cheaper, lighter, *stronger*.

Give you accident-proof packages.

Save you money in material, labor, freight costs, claims and adjustments.

Release space for more profitable production.

Widen your profitable sales territory. A positive help to your sales force, your good will, your profits.

A big promise. But worth your while to investigate at once.

Get all the facts about Weyerhaeuser Cut-to-size Crating, Box Shooks and Crating Lumber. Ideal light-weight crating woods—make *strong crates*.

WEYERHAEUSER FOREST PRODUCTS

SAINT PAUL · MINNESOTA

Producers for industry of pattern and flask lumber, factory grades for remanufacturing, lumber for boxing and crating, structural timbers for industrial building. And each of these items in the species and type of wood best suited for the purpose. Also producers of Idaho Red Cedar poles for telephone and electric transmission lines.

Weyerhaeuser Forest Products are distributed through the established trade channels by the Weyerhaeuser Sales Company, Spokane, Washington, with branch offices at 806 Plymouth Building, Minneapolis; 1418 R. A. Long Building, Kansas City; 208 South La Salle Street, Chicago; 1313 Second National Bank Building, Toledo; 2401 First National Bank Building, Pittsburgh; 1600 Arch Street, Philadelphia; 285 Madison Avenue, New York.

WEYERHAEUSER CRATING LUMBER—STANDARD LENGTHS OR CUT TO SIZE

WESTINGHOUSE SERVES EVERYWHERE



When hurry up jobs say "work all night" light and power are ready

Orders pile up in a factory. Shop telephones ring: "Get this out tomorrow if you have to work all night to do it!" That night the hum and hammer of the shop never ceases. Lights blaze in long rows over whirring machines; lights twinkle from the windows of offices.

The demands of industrial plants for light and power at unexpected times must be met by your electric light and power company, whatever their proportions. Some nights there are no factories working; some nights only one; some nights a hundred. But the electric company must be ready at all times with the tremendous power that would be demanded if every factory in the city were running, just as it is ready with light for a single room in your home when your finger touches a switch.

Westinghouse works in close cooperation with your light and power company, constantly developing and improving the apparatus that assures reliable electric service twenty-four hours a day, whatever the demand.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
OFFICES IN ALL PRINCIPAL CITIES · · REPRESENTATIVES EVERYWHERE

Westinghouse

When writing to Westinghouse Electric & Manufacturing Company please mention Nation's Business



The day of the versatile, economical, enduring *Thrust-Radial* motor is made possible by the exclusive Timken combination—Timken tapered construction, Timken *POSITIVELY ALIGNED ROLLS*, and Timken electric furnace steel

Standardize on Timken-Equipped Electric Motors

. . . . *Your Purchasing Department* then does not need to specify where the motors will be mounted. All types of drives, and floor, wall or ceiling positions are all the same to these *thrust-radial* motors. Simply specify horsepower, characteristics, *and Timken Tapered Roller Bearings!*

. . . . *Your Plant Engineer* then has his problems immensely simplified. There are fewer types of motors. A negligible amount of maintenance and lubrication completely guards against motor wear, burn-outs and shut-downs. Overheating risk and oil-dripping are eliminated.

. . . . *Your Production Department* then contends with no delays, defects and excessive costs that are chargeable to motors. Your sales department benefits accordingly!

Electric motors, like machine tools, railroad cars, steel mills and all other industrial equipment, are made far more economical and far more productive by means of Timken Tapered Roller Bearings. The records of thousands of Timken-equipped motors, over a period of many years, have set up the highest basis of motor efficiency ever known. That is the kind of motors you order by specifying Timken Tapered Roller Bearings in any types or makes.

THE TIMKEN ROLLER BEARING CO., CANTON, OHIO

TIMKEN *Tapered Roller* **BEARINGS**

SINGLE ROW TIMKEN BEARING

DOUBLE ROW SELF-CONTAINED TIMKEN BEARING

The longest *station to station* call within the U.S. now costs only $10



An Advertisement for Bell Long Distance Telephone Service

THE longest telephone call you can make within the U. S. is from Eastport, Maine, to the town of Bay, California. Under the new rates, the station to station day charge for this call is now only $10.

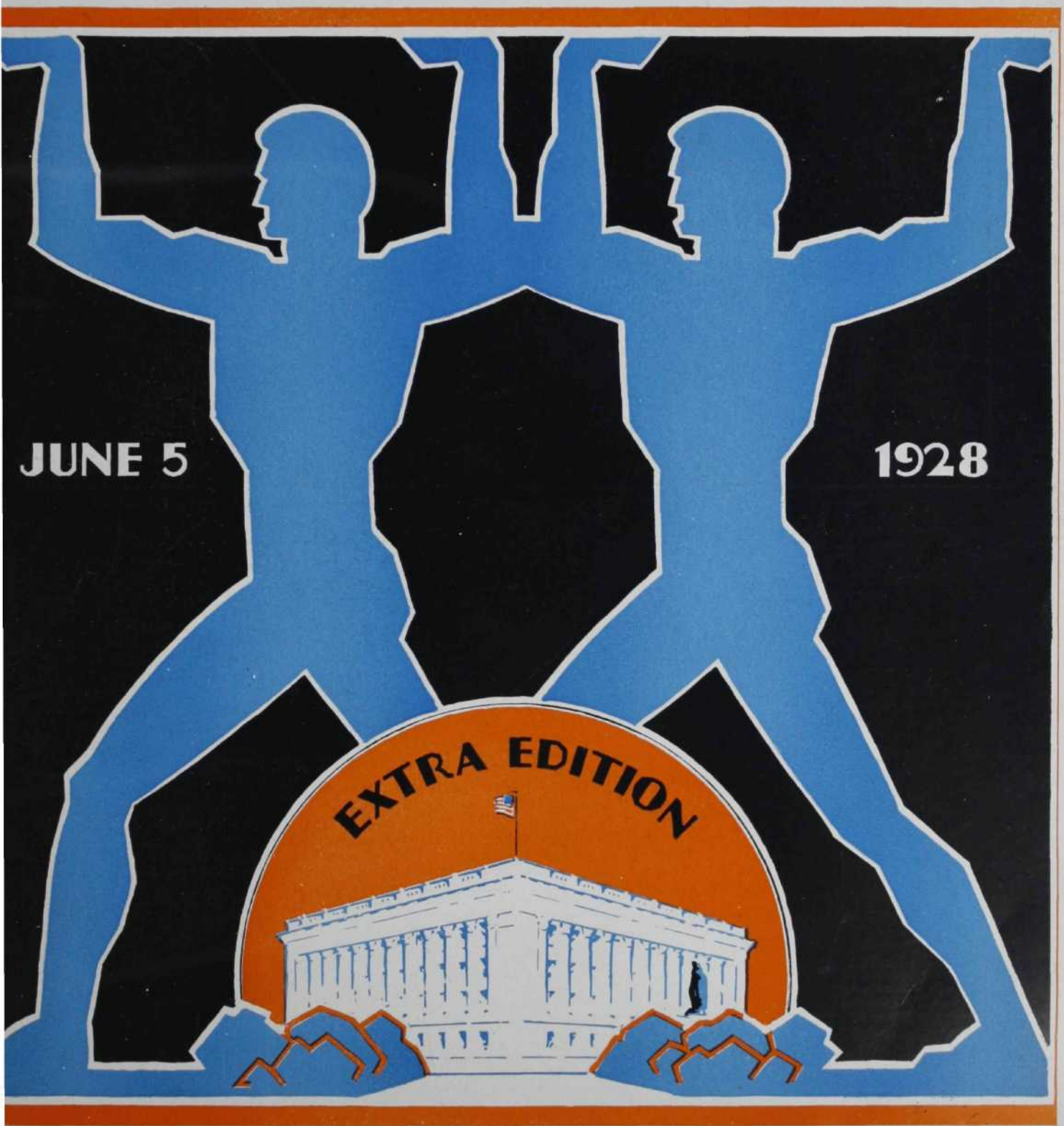
More than ever you will now be surprised how little long distance calls cost. Business more and more is using the long distance telephone to save trips, buy and sell goods, make appointments and collections, get important things done on time.

A New York company made 14 long distance calls to department stores in 13 cities and sold $37,320 worth of specialties, "all of the transactions having been started and completed by Long Distance at a very nominal cost." A firm of Toledo brokers in one year sold $5,000,000 worth of produce by long distance calls. "Seventy-five per cent of our bean business is done over the telephone. . . . We can get in closer touch with the buyer and understand conditions at his end of the line." In eight months, a tire concern sold $3,180,000 worth of tires by telephone at a sales cost of 2%.

What far-away calls could you profitably make, now? Just ask for the long distance operator and place your call by number . . . it takes less time. . . *Number, please?*

AMERICAN TELEPHONE & TELEGRAPH CO. AND ASSOCIATED COMPANIES — BELL SYSTEM

NATION'S BUSINESS



THIS ISSUE MORE THAN 325,000 CIRCULATION



Reproduction from a painting made on the estate of Charles M. Schwab, Loretto, Pa., by Frank Swift Chase

© The D. T. E. Co., Inc., 1928

Among prominent persons and institutions served by the Davey Tree Surgeons are the following:

HON. HERBERT C. HOOVER
DR. LEE DEFOREST
ADOLPH OCHS
REX BEACH
PRINCETON THEOLOGICAL SEMINARY
SEA VIEW GOLF CLUB
EDISON ELECTRIC ILLUMINATING CO.
CITY OF BATTLE CREEK
U. S. BUREAU OF STANDARDS
ELGIN NATIONAL WATCH CO.



JOHN DAVEY
1846-1923
Father of Tree Surgery
Reg. U. S. Pat. Office

What is Davey Tree Surgery service?

What will Davey Tree Surgeons do for you?

First of all, Davey Tree Surgeons diagnose each case to determine what is wrong, if anything. They are especially trained in the diagnosis of tree troubles. If a tree is starving, they feed it in the right way, with the right food elements, at the right time.

If a tree is afflicted with any disease or insect enemies for which there is any known control they treat it with the right spray mixture, in the right way, at the right time, and give it such other attention as conditions warrant.

If a tree has dead limbs, or a dying top, or interfering branches, they prune it scientifically and properly treat the wounds, and give it any other attention that its condition requires, such as appropriate feeding.

If a tree has a splitting crotch or is otherwise structurally weak, they brace it mechanically by proved Davey methods, to protect it against the tremendous force of the winds.

If a tree has girdling roots that are slowly strangling it, they remove the cause and properly treat the wounds, and then feed it to build up its vitality.

If a tree has decaying cavities that are slowly and progressively destroying it, they treat it by proved Davey methods, unless it is too far gone to save. If any of the other numerous tree troubles are in evidence, they apply proper remedies as far as humanly possible.

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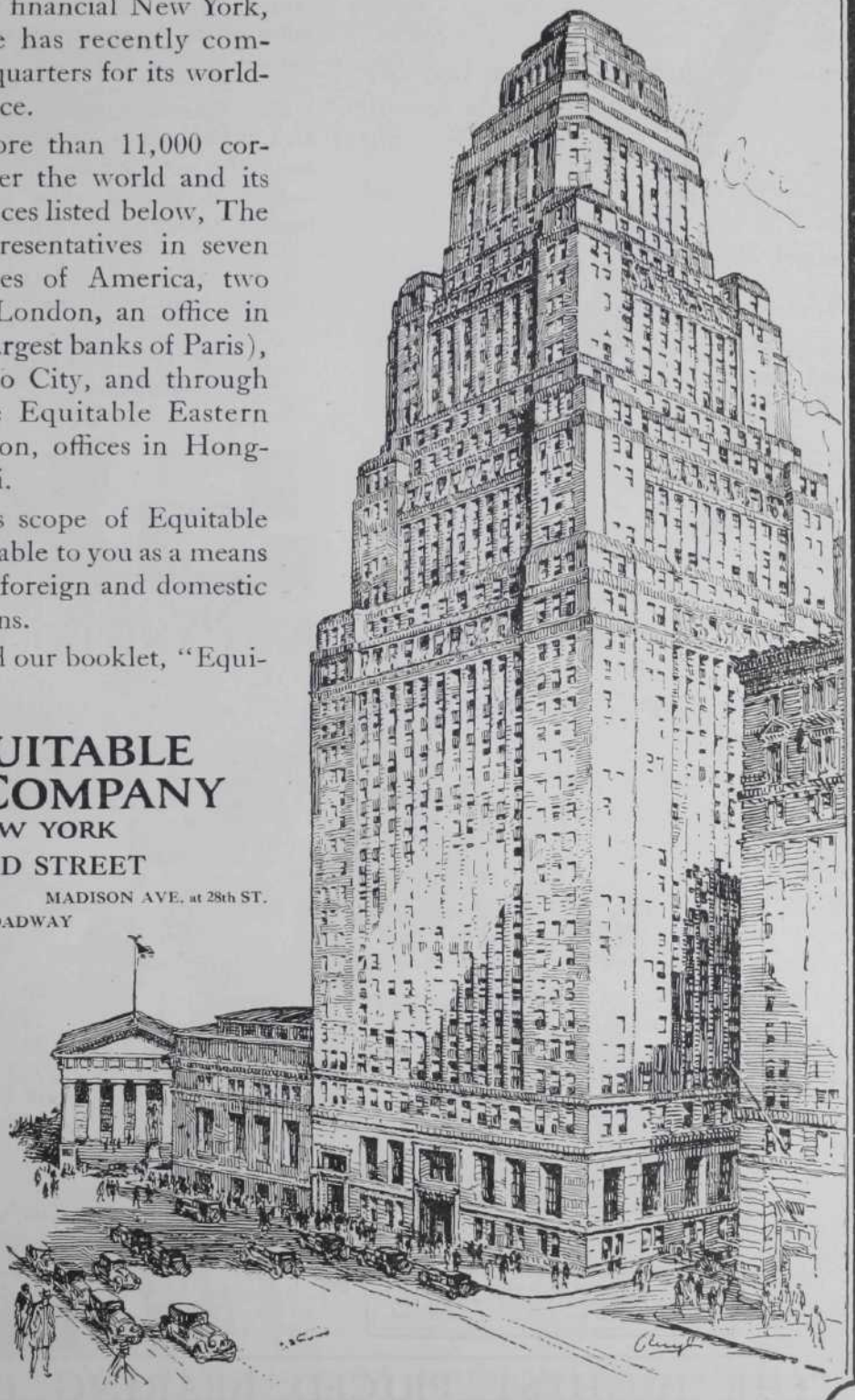
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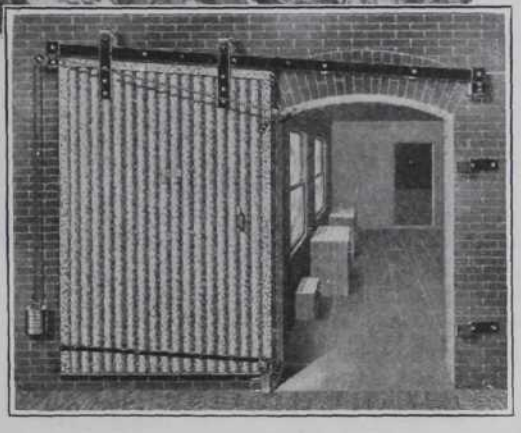
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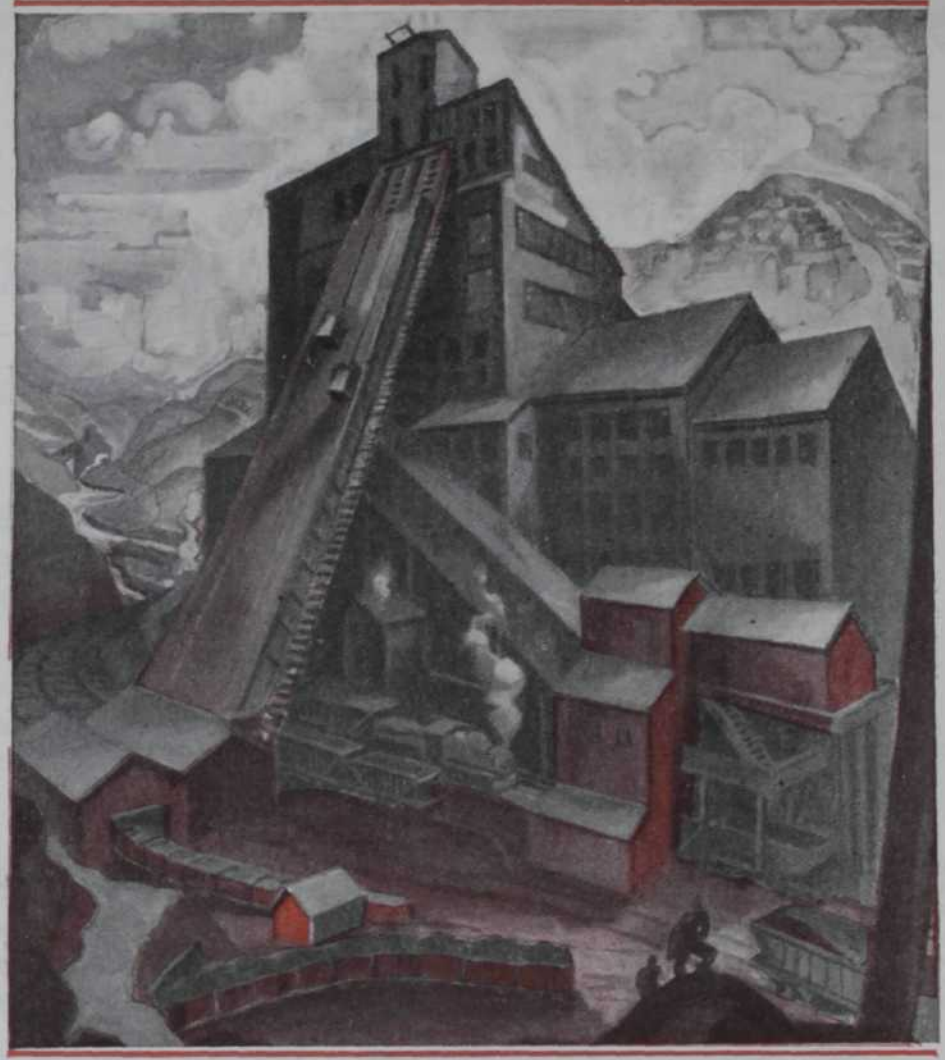
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VOLUME SIXTEEN NUMBER SEVEN

NATION'S BUSINESS · EXTRA EDITION

Published Monthly by the Chamber of Commerce of the United States, Washington, D. C.



FOLLOWING its custom, NATION'S BUSINESS devotes an Extra Edition to an account of the Annual Meeting of the Chamber of Commerce of the United States. The Sixteenth Annual Meeting was held at Washington, May 7, 8, 9, 10 and 11. This meeting was attended by 3,000 business leaders, representing every industry and every section of the country.

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As the official magazine of the National Chamber this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers to which expression is given.





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The Why of the Extra Edition

HOW best to present to readers of NATION'S BUSINESS the things said and done at the Annual Meeting of the United States Chamber of Commerce is a problem which the editors of this magazine have had before them since the very inception of the publication.

To attempt to present anything like a stenographic report would be wasteful and wearisome, since much of what goes on is only of momentary value. To undertake to describe it in a single article would mean the passing over of very much material of vital interest to American business.

Some years ago we decided to do something unique in the history of American periodical publishing, to make, as it were, a year of thirteen months and to devote the thirteenth monthly number of NATION'S BUSINESS to the Annual Meeting; to summarize the meeting in a single article of some trained observer either outside or inside the Chamber; to take from the major addresses those parts which seem most worthy of preservation; to give brief but adequate summings up of the discussions at the group meetings devoted to special branches of industry. This we have now done for the seventh time.

Here, then, between the covers of this Extra Edition is the record of outstanding events of the most important gathering of American business men which has ever taken place.

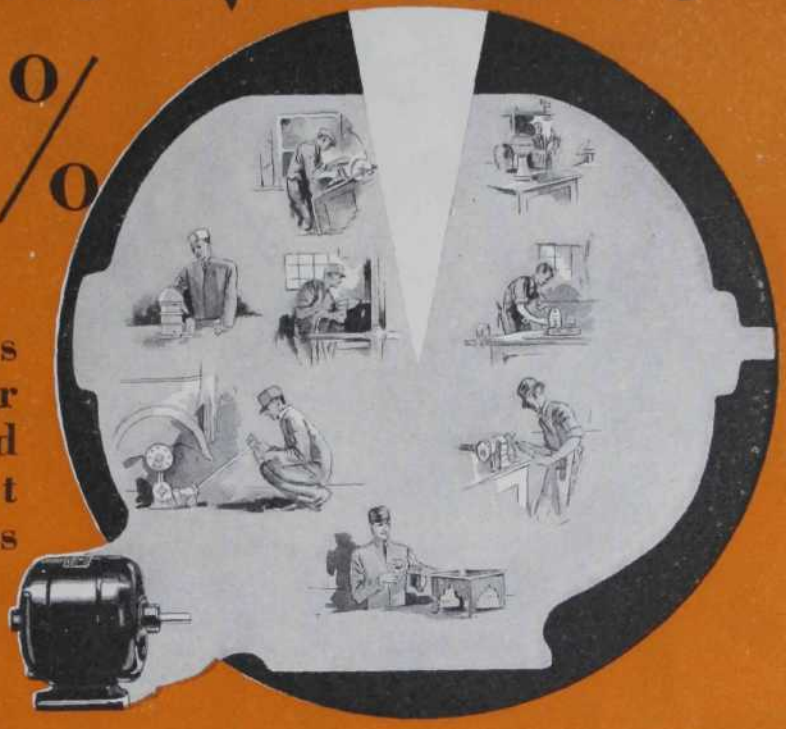
Each year it has found a wider acceptance, each year it has gone to a greater number of readers. This year it goes not only to our 270,000 readers but to some 50,000 others.

We feel that the Extra Edition is well worth your attention not alone because of the "worthwhileness" of the things here printed, but because on those things is built NATION'S BUSINESS editorial program for the next year.

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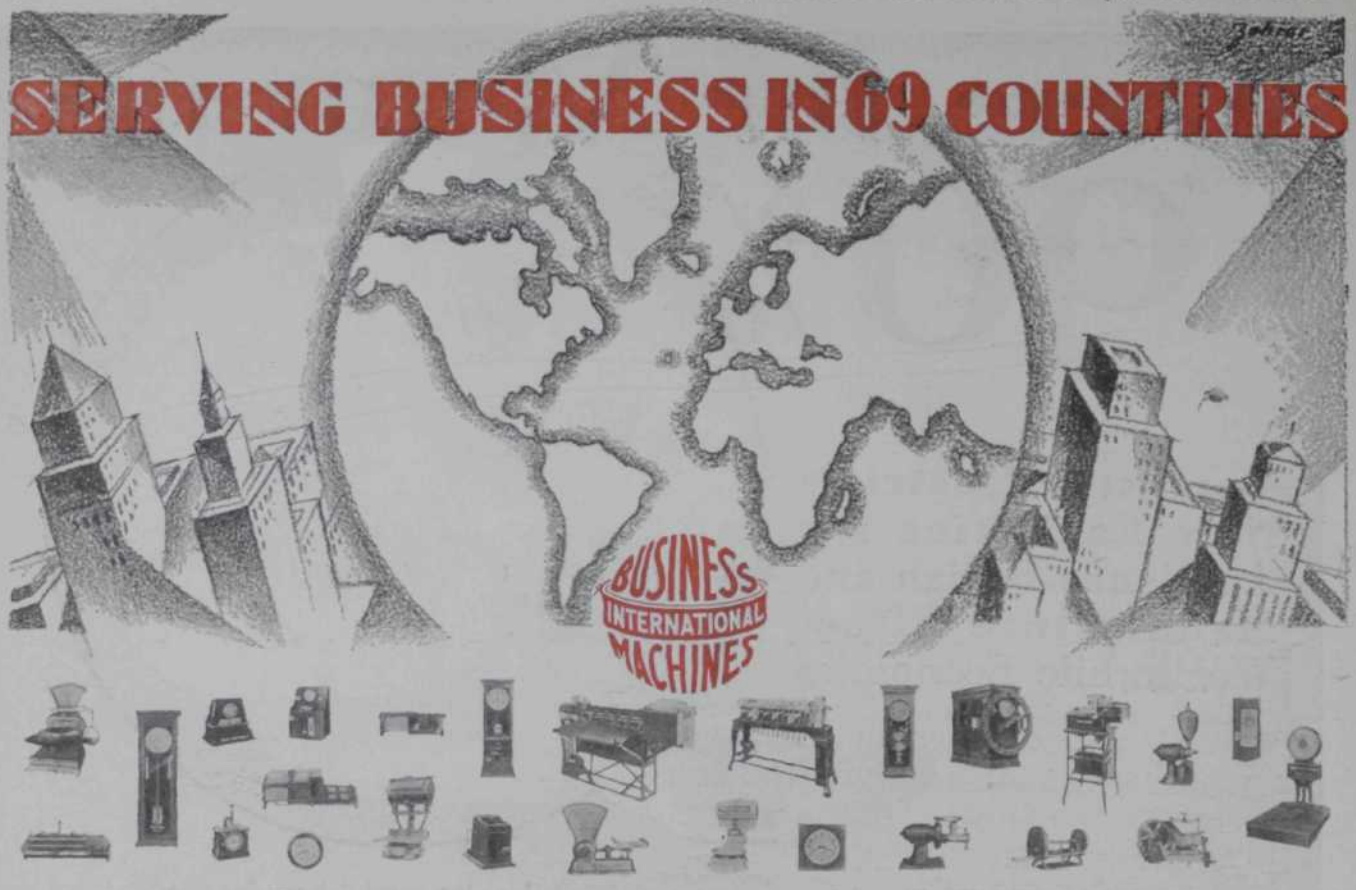
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NATION'S BUSINESS

A MAGAZINE FOR BUSINESS MEN

A Third House

THE eminent Dr. Glenn Frank, president of the University of Wisconsin, is again advocating a Third House to sit at Washington and give expert counsel to the Houses of Congress. It would be composed of scientists and economists and called a Third House of Technologists.

That there is need of help in these troublous times of legislative consideration of complex business questions, no one can dispute. Congress faces today economic problems mountain high, from taxation and banking and debt retirement, through rails, ships, waterways, roads, air, radio, tariffs, insurance, to oil, coal, reforestation and agriculture.

Would our representatives get real help from such a Third House, in which overemphasis would be laid on theory? There is a place in any program of betterment by legislation for theory, but theory needs to be based on facts and on experience, and there is no reason to believe that the theorists of such a Third House would come any nearer reaching workable agreements than is the habit of theorists. What the world needs is not more theory, but more facts, more assembling of experience.

Democracy in particular doesn't need more theories. If it has the facts it can be trusted to make its own interpretation and its own decisions. And its decisions, so reached, will, in the long run, prove more valid, more in the continuing interest of the whole nation than any decisions which are drawn from a multiplicity of contending theories.

In such a country as ours, it is not the function of the scientists or the labor unions or the farmers or the business men to make the decisions. It is the function of each of these to bring out, for the consideration of all, the facts which are peculiarly in its province and the experiences it has had in its particular field.

Then, the democratic process should be depended upon to reach the decisions.

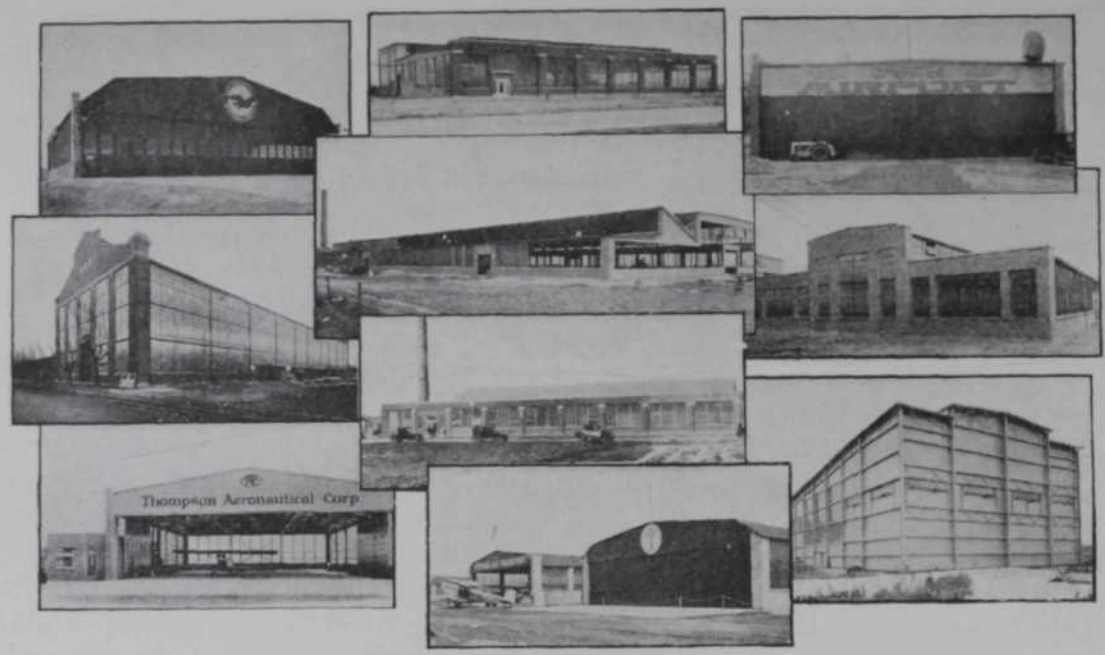
So far as business is concerned, we already have more than one mechanism performing these functions,—notable among which is the United States Chamber of Commerce, which, in the aid of our democratic processes, as they concern business, is infinitely better than any Third House of Technologists.

The Chamber proposes a study of timely and national business questions. Through referendum and resolution it obtains the opinion of experience, which in turn is submitted to our chosen political representatives in the spirit of helpful and patriotic service. Every action is based on the common-sense principle that what is not for the good of the public is not for the good of business.

This number of NATION'S BUSINESS is given over to one phase of the activities of this democratic business organization, its Annual Meeting.

The range of subjects and the variety of points of view brought to bear are typical of both the genius and the processes of the United States Chamber of Commerce, striving to help in a democratic way our democratic institutions.

Merle Thorpe



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NATION'S BUSINESS

EXTRA EDITION

VOLUME XVI
No. 7

Published at Washington by the Chamber of Commerce of the United States
MERLE THORPE, Editor

Business—in Congress Assembled

By EDWIN C. HILL



BUSINESS in mass is more progressive than is the individual business man. It sees farther ahead. It takes courage from companionship.

This is a quality that always is apparent at the annual meeting of the Chamber of Commerce of the United States, and never more so than at the annual meeting of 1928, described and reported in this extra number of NATION'S BUSINESS.

—The Editor

THE editor of NATION'S BUSINESS telegraphed to me in New York.

"Come down to Washington," he wired. "Visit with us during the sixteenth annual meeting of the Chamber of Commerce of the United States. Two thousand or more business men from all over the country, threshing out problems which concern the whole country. American Business in session. Get the story with your own eyes and ears. Then write it as you see it, from the cool detachment of the trained newspaper reporter."

There was a pull to that invitation. No strings to it. No hint of any desire for puffery or flattery. Just a plain request for a picture of "oursel's as others see us." The assignment could not have been shot out more dispassionately by even that most dispassionate of human creatures, the city editor of a metropolitan newspaper.

American Business in session! There was a promise of novelty in that. And a prospect of real interest in "problems which concern the whole country." Until very recent times, certainly, a newspaper man had not regarded a national meeting of business men as of special kin to the United States Senate and House of Representatives, or as having any particular zeal to tackle problems which didn't have to do with their own money-making. Apparently there was a different idea afoot. Just what were these business men from all parts of the country up to, anyway?

It seemed worth looking into, this mass meeting of American business. In twenty years of reporting I had "covered" almost every other sort of gathering, assemblage, crowd, throng, convention, concourse, crush, horde, conclave, mob, bunch, herd, swarm, shoal, round-up and conversazione, of an infinite variety of performance.

I had seen the outward and visible and the inward and invisible machinery of six national political conventions, leading up to the nominations of Wilson, Hughes, Wilson again, Harding, Cox and Davis; had scribbled notes from the press galleries of the House and the Senate; sat in at the Armament Conference; reported probably four hundred public dinners to princes and politicians and captains of industry; seen seventy thousand people thrilled more than once when the goal line was won, and had watched mobs form and break. You get a lot of mass psychology out of such spectacles. But I had never seen American business men in a truly representative round-up—in any national picture. So I came to Washington.

* * *

For me, the week began with the breakfast of the field staff of the Chamber and NATION'S BUSINESS in one of the newer and very attractive hotels, the Mayflower. I was just blinking the last dazement of sleep out of my eyes as I settled down in a good ringside seat at the breakfast, 'round the corner from the toastmaster's table. Automatically, I noted that there were probably half a hundred men present, most of them hustling young, or young-middle-aged fellows, and that everybody seemed to know everybody else.

But I was more interested, for the moment, in scrambled eggs and bacon and coffee. As an outsider I was pretty dubious about the possibilities for entertainment in an eight o'clock breakfast. But there was a palpable ease and friendliness about the party, the kind of thing which starts a day off cheerfully, in any case. When the speechmaking began, started by Philip Gadsden of the United Gas Improvement Company of Philadelphia, and carried along by Lewis E. Pierson, the retiring president of the Chamber; Merle Thorpe, the editor of this magazine; H. M. Robinson, field general of the Chamber, and Richard F. Grant of Cleveland, I caught the first note of the refrain of the whole week's meeting, "Teamwork"—teamwork for the good of the Chamber, teamwork for the good of

American business and of the country as a whole. It came to me, as I sat there, that these men were selling ideals before they sold the Chamber; confidence, fair-dealing, sensible cooperation, mutual benefit, patriotism without the bunk. Their talk was of what had been done in the year past to get a wider distribution for Chamber ideas, and of what the coming year promised but through and under all the talks—from the enthusiastic and affable Gadsden, the wiry, nervous Thorpe, the boyish, energetic Robinson and the big man from Cleveland, the forceful and diplomatic Grant—was that inspiring note of the good that comes from getting together and talking things over and reasoning things out—and then fighting like the devil for what you know is real and right.

For me, this breakfast was the tuning fork which sounded the keynote of the whole meeting.

* * *

The sun was flooding one of the most beautiful cities in the world, that morning of the first general session of the Chamber. The delegates converged a-foot or by taxi, at the northwest corner of Lafayette Square, one of those tiny but altogether charming parks which so distinguish the Capital. Across the park the portico of the White House glinted through the greenery.

Facing the park, just across the wide street from the bronze statute of Von Steuben, Washington's drillmaster, stands the Chamber, a Greek temple, shrewdly designed for business uses, by Cass Gilbert, famous for the Woolworth Tower, a noble and beautiful setting for the meeting place of American business. A hundred years ago the ground on which the Chamber stands was appraised at two cents a foot. Daniel Webster had his home there when he was Secretary of State, and long after, Chauncey M. Depew.

Through the entrance, between the Corinthian columns of the facade, strolled many of the men who put this building there, adding to Washington a further symbol of our true nationality. They came from everywhere—every state and section—speaking for every variety of business. Standing in the doorway, one heard the soft drawl of the South, the high-pitched twang of New England, the flat tones of the Middle West and the brisk, full-throated speech of the Pacific Coast.

Getting Acquainted

BEFORE the first general session, and during the session, groups formed in the corridors and in the great, sunlit court with its central fountain to which the voices of the speakers indoors were carried by loud speakers.

There was William Butterworth of Moline, soon to be thrown into the limelight of the presidency of the Chamber; a comfortable, solid man, slow-moving, but fast thinking; with a sun-browned face and very blue eyes, and a trick of looking right into the back of your brain. With him for the moment was the powerfully built, swarthy, black-eyed Richard Grant of Cleveland; the tall, trim Matthew S. Sloan of Brooklyn Edison, with the carriage and springy step of a trained athlete; Lafayette Hanchett of Salt Lake City, a grizzled westerner, cigar stuck in a corner of his mouth. One caught fragments of their talk.

"A man who holds aloof from his chamber of commerce is not a good citizen," says Butterworth.

Cross Section of Business

JOHN W. O'LEARY, ex-president of the Chamber, to be described as tall and smiling, joins a group by the fountain composed of Julius H. Barnes of New York, another ex-president; Everett G. Griggs of Tacoma; J. P. Burrus of Dallas, Tex., and a most alert and lively gentleman who is pointed out as the general manager of the National Automobile Chamber of Commerce, Alfred Reeves of New York.

Strolling around the patio and through the ground floor corridors one sees, among the multitude, John G. Lonsdale, the St. Louis banker; Dwight B. Heard of Phoenix, Ariz.; Felix M. McWhirter, head of the Peoples State Bank of Indianapolis; A. L. Humphrey of Pittsburgh, president of the Westinghouse Air Brake Company; Joseph H. DeFrees of Chicago; A. J. Brosseau, the motor truck man of New York; Walton L. Crocker of Boston, head of the John Hancock Life Insurance Company; Robert P. Lamont of Chicago, president of American Steel Foundries.

Here and there are others, pointed out to exemplify the representation from the smaller chambers throughout the country—Charles E. Band of Spartanburg, S. C.; C. D. Brorein of Tampa, Fla.; C. B. King, the steam shovel man, of Marion, O.; A. E. McIntosh of Hoquiam, Wash.; J. G. Leigh, insurance man of Little Rock; Ralph H. Kinsloe, oil producer, of Beaumont, Tex.; A. R. Corey of Des Moines; C. B. Douglas of Tulsa, Okla.; Arthur M. Free of San Jose, Calif., and many more from many communities, there to speak for their local chambers or trade associations.

Two thousand delegates from 900 chambers of commerce and 600 trade associations, spokesmen for nearly a million merchants and manufacturers, carrying the hopes and aspirations of their various localities, all merging toward a national point of view, all learning teamwork and preaching it to their country.

* * *

President Pierson's gavel comes down with a bang, opening the first session. The delegates of American business face him from the floor of one of the most beautiful assembly rooms in the world, the Council Chamber. Here sat this multitude of men who had learned to think nationally; who, as was patently shown in this and later sessions, think they owe some obligation to the United States, and are willing to come long distances to pay that obligation in money and time and energy. It was in this meeting that the visitor caught more than a hint of devotedness to ideals rather than to dollars.

The center, the rallying figure, of this meeting, is a man of distinguished bearing, very sharp eyes and a pointed beard, Judge Edwin B. Parker, the outgoing chairman of the board of the Chamber.

Without dramatics, with few gestures, he electrifies the audience with his demand that organized business expel those "pirates who flaunt the law and debauch public servants for ill-gotten gain, and whose motto is 'The public be damned!'" And with that stirring call to arms goes the warning that unless business purges itself, the public would loose thunderbolts of wrath which might fell the just as well as the unjust.

Business to Clean House

THAT speech straightens men up in their chairs. It inspires them to thundering applause. They will go out of the Council Chamber to talk it over day after day and finally they will resolve to purge business of those who deal in evil and wax fat by the corruption of public officials. No names are mentioned by Judge Parker or by the Chamber, later on, but nobody is in doubt as to those to whom he referred. That stirring session was a rapid echo of public events. It was the outstanding single feature of the whole meeting.

* * *

Like the Senate and House of Representatives, American business does most of its hard and useful work in small conferences and groups. In such compact and experienced bodies it goes over the policies that have already been incorporated into national legislation, such as certain tax and tariff proposals, improvements in the machinery of foreign commerce, conservation of waterpower and improvement of waterways; and new policies that may yet become national law.

The group conferences began on the afternoon of the first day and continued throughout the meeting. Such group meetings varied in size, from an attendance of two or three hundred to a gathering of a thousand or more, but every one of them reflected the same note of teamwork and cooperation for national betterment.

At the Mayflower Hotel, on the afternoon of May 8, there was a group luncheon on "Fundamental Tendencies in Distribution." William Candler of Atlanta, the "Coca-Cola man," presided.

The talk which seemed to attract most interest came from E. C. Sams, president of the J. C. Penney Company of New York. Mr. Sams was there to speak a good word for the chain stores which, he maintained were a blessing to society; but he warned that many state legislatures are hostile to the idea and are pretty certain to pass laws which won't do the chain stores any good.

In the Willard Hotel, Transportation

(*Continued on page* 66)



"THE day is not far distant when organized business, organized labor and a comprehending government will unite for the teamwork that alone can solve our newer problems. Teamwork to bring more and more of the comforts and luxuries of life to all who contribute to the productive power of America"

Looking Ahead for Business

By LEWIS E. PIERSON

Retiring President, Chamber of Commerce of the United States

THE THEME of this convention has been cooperation. American business, as represented by those in attendance here, has reaffirmed its conviction that the way to preserve the progress already made and to achieve even greater things for industry and for the nation is through common thought and common action for the common good.

Team play for prosperity is not merely a pious platitude or a happy phrase. It is a recognition by American business of a truth gained by experience. It is at once an inspiration and a warning.

New Economic Structure

NO nation since the world began has altered its social and economic structure so completely and so rapidly as has the United States during the past quarter century. We have changed from a nation that was preponderatingly agricultural to a nation whose major attention is now directed to industry. We have changed from a debtor to a creditor nation. We have changed from a nation intent upon internal development to a nation that finds itself concerned with the progress of the world at large.

More basic than any of these alterations, however, is the change which has come over our whole economic philosophy.

It was during the past quarter century that we definitely abandoned the outworn notions of unrestrained competition, of minimum wages and maximum prices, of restricted output and limited consumption to substitute the new gospel of mass production, high wages and maximum consumption.

We have long had financial cooperation in the structure of our industrial units. The corporation, after all, is merely a device for pooling the funds of many individuals and providing trained leadership for the employment of their common resources.

Upon this base we evolved the idea that by combining our energies to secure larger and more efficient production, we could increase wages and earnings while we reduced the price of the finished product.

As production increased, it became apparent that consumption must keep pace with production and that, unless the consuming public had the funds with which to purchase, mass production could not long continue.

It was not a long step from this to the realization that a general diffusion of high wages and earnings was a necessary corollary of our industrial philosophy.

We forgot the old idea of the living wage and asserted a new American doctrine which enlisted the cooperation of the worker with the implied declaration that his earnings were to be measured largely by his power to produce.

It was evident that, if, through the use of power machinery, the individual worker could be brought to produce more in a given time, he would be able to earn a corresponding increase in pay. We found that production and consumption must go hand in hand and that high wages represented the common denominator of both.

Experiment in Cooperation

THE thought to which I am directing your attention is that for the past twenty-five years, we have been conducting a national experiment in industrial cooperation and that this experiment has been successful in spite of complications through radical changes in national and international relationships.

We know that we are headed in the right direction. Yet all of us, I think, are conscious that this new alignment of the forces of industry creates new problems and imposes new responsibilities which must be met and solved by those who have been called to the leadership of busi-

ness. Modern management stands as the representative of three separate and distinct interests. It represents capital, which supplies the plant. It represents labor, whose progress depends upon the competency and the vision of those in management. It represents the public, which uses the product, and which must rely upon industrial leadership for the maintenance of national prosperity.

Responsibility of Management

NO man can move among our industrial leaders today, without finding that they are conscious of this triple responsibility. It is not the public which is working and striving for team play. It is the executive who knows the necessity for intelligent cooperation in charting his course through the complexities of modern industry.

It is, therefore, with entire confidence that I submit to this gathering the belief that the time has come to make a further step in the direction of more intelligent and more intensive cooperation.

We have all been satisfied to cooperate on affairs of immediate need. We have proved our ability to work together for the things which directly and presently affect the tides of trade. We have been able to secure common action on matters which pressed for immediate decision.

Yet before we can hope to exhaust the benefits of our new economic policy we must project our cooperation to still another level. We must find a way to cooperate on problems before they arise. We must team play for the future.

No one can look back upon the path that we have travelled without securing an abiding faith in the essential soundness of the policy that American industry has followed. It has brought us prosperity and it has brought us higher levels of living, better working conditions, and a wider distribution of the necessities and comforts of life than any nation has ever before achieved.

This policy, however, was not the result of deliberate planning. It was the outgrowth of trial and error and of a gradually increasing cooperation between the factors that enter into our industrial life.

Nothing could induce us to abandon voluntarily our trinity of high production, high earnings and high consumption, yet unless we can work out more scientific methods of cooperation and team play, we can never hope to secure the full benefits to which this productive policy entitles us.

Overproduction Encouraged?

TO illustrate my meaning, let us consider for a moment the chief objection which has been urged against the theory of increased production. It has been argued that carried to its logical conclusion the American policy leads inevitably to overproduction. Definite instances of stagnation and unemployment have been adduced in support of the idea that there is a limit to which production can be carried, and that when that limit is reached our system falls of its own weight.

At first blush, there appears to be merit in this objection, but a moment's thought shows how absurd is the idea that overproduction in the true sense is ever possible.

It is obviously true that we can produce too much of a particular thing at a particular time. It is obviously false that human production will ever out-strip the sum total of human needs. Until poverty is completely abolished and until every human being is able to possess every comfort, convenience and necessity which human inventiveness can devise, there can never be true over-production.

It is quite possible, for example, to open too many coal mines or to build too many textile mills, but with proper cooperation between capital, management and labor it is certainly within the bounds of possibility that the excess production in these industries can be transferred to balance under-production in some other field.

If we can keep clearly in our minds the thought that the more that men are able to produce the more they can consume, we shall have a better idea of the impossibility of overproduction, and a true conception of the need for making all production intelligent and useful.

Unemployment not Serious

THERE has been much talk of late of unemployment. Extravagant guesses have been made of the number of unemployed but it is a matter of common knowledge that at all times there is a certain percentage of men willing and able to work, who are unable to find productive uses for their hands.

Seasonal unemployment is always with us. Strikes and lockouts continually contribute their quota of unemployed. Improved methods of manufacture and more efficient machinery dispense with a certain number of employes, while they raise the wages of those who remain.

The Department of Labor has estimated that these various factors account for an annual loss representing the labor of 1,750,000 men.

Under our system of mass production, based on mass consumption, each one of these men represents a loss not only to himself, but to the productive power of his particular industry and to the consuming power of the American public.

Profitably employed, each would be a prospective purchaser from all the factories of the country. Unemployed, each one is a burden to himself and to the community.

In our efforts to balance production, we must be sure that the money and labor devoted to new enterprise shall be used for purposes that are truly productive.

The proposal has been made that to cure existing unemployment and to stimulate industry, government should embark upon a gigantic building program.

It is undoubtedly true that there should be coordination between industry and government whereby really necessary public improvements may be built with an eye to their effect upon any temporary surplus of labor. It is equally true, however, that no public work should be undertaken unless it is economically necessary and fit to meet some proper public need. To expend public money for the sole purpose of providing employment is an expedient which would tend to defeat the very purpose it was intended to serve.

Government funds come largely from the taxation of industry. Every tax laid on industry reduces by just so much the capital which industry can devote to the expansion and development of the nation. To halt the development of industry by taxation for unnecessary public works is to take from industry a part of its power to provide increased employment.

Only Temporary Corrective

WE should clearly recognize that any forced government building program at best can be only a temporary corrective and that the permanent and effective remedy for surplus labor must be sought in another quarter.

The more we consider the growing productiveness of the United States, the more we reflect upon the problems that have arisen in our industries—and on our farms as well—the more definitely we become convinced that our difficulties come, not so much from the growth of our productive capacity, as from our failure to provide proper team play among the forces of production.

Industry and agriculture have both reached the point in their development where the individual must think in terms of his relationship to the broad sweep of world conditions. No man and no organization is strong enough to go blindly forward without regard to what the rest of the world is doing.

I mention agriculture, not only because of the close relationship between agricultural progress and industrial prosperity, but because the need for team play on our farms is just as great as the need for cooperation among our industries.

Close students of our agricultural situations declare that the shortest road to farm relief is not through legislation but through improved diversification of crops. How can such diversification ever be achieved except through more effective cooperation among our farmers?

What difference is there, in the last analysis, between a farmer who grows too much wheat, and a manufacturer who produces too much calico?

Must Master Production

THE nation which has won its way to industrial leadership by the stimulation of production and which has enlisted the aid of science and invention to perfect the efficiency of its industrial processes, has a new task before it.

It must prove that production is its servant and not its master. It must demonstrate that it has the will and the skill to control the machine it has created.

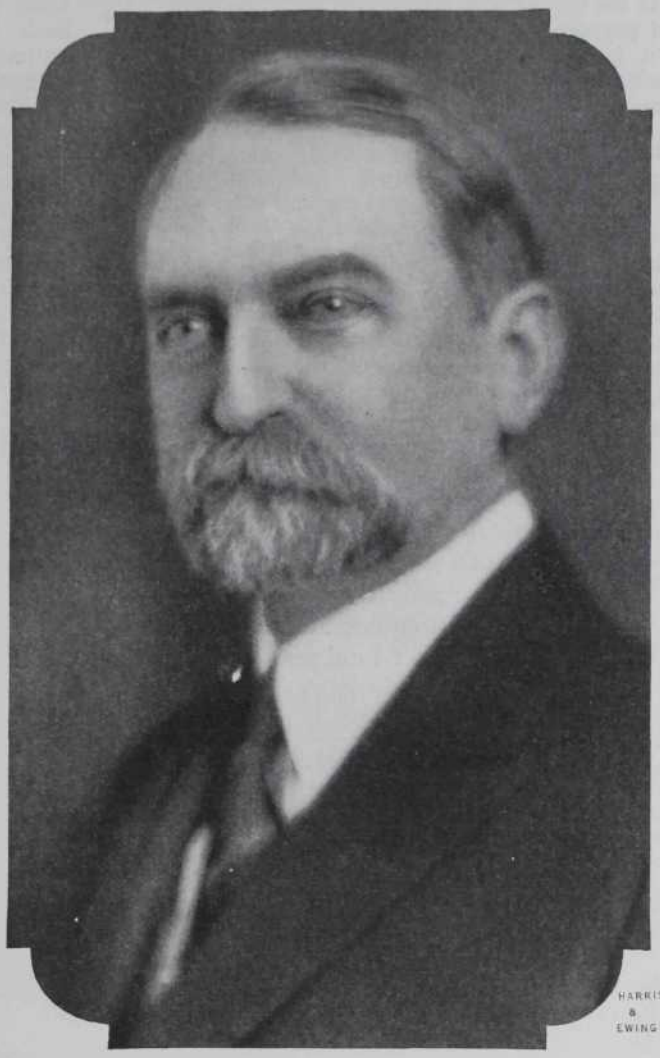
Just as we substituted electricity for steam in our march toward mass production, it should be possible to substitute a scientific system of cooperation, a farsighted balancing of production and con-

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Teamwork for Prosperity

By EDWIN B. PARKER

Retiring Chairman of the Board, Chamber of Commerce of the United States



HARRIS & EWING

THE Sixteenth Annual Meeting of the Chamber of Commerce of the United States has for its underlying theme "Teamwork for Prosperity."

If teamwork is broad and general, prosperity will follow. Thus conceived, this keynote is a bugle call to duty. It envisions vast vistas of enduring usefulness.

Narrowly conceived, it is paltry and sordid.

We are not here to consider a teamwork among members of a particular group; to promote a prosperity measured solely in terms of profit to the members of that group, without thought of the interests and the welfare of every individual of every group within our nation. This is the miser's conception of prosperity, coldly, selfishly, narrowly calculating, a precarious prosperity because of its very narrowness. Prosperity to endure, prosperity to be worthy of the effort to attain it, prosperity as we here conceive it, is an all-embracing prosperity.

To achieve such a prosperity we invoke a teamwork that is an all-embracing cohesion whose bonds of unity are the tendrils of enlightened self-interest, which is mutual interest and common understanding of common purposes; teamwork between business and labor; teamwork of business and labor with agriculture; teamwork of business and labor and agriculture with Government, the servant of all; a teamwork that translates and gives dynamic effort to the professed conviction of this Chamber that whatsoever is not for the public good is not for the good of business. A teamwork in fine whose inspiration is the fostering of the general public interest rather than that of one or of a group of special interests.

Teamwork is not new to business. Business has a tradition, through teamwork, for pointing the way to higher concepts of the public interest. The tradition goes back a long way. In the early part of the ninth century Charlemagne recognized the "ancient custom of commerce" as something definite that had been created by the merchants themselves, and something conferring advantages to which other classes had not yet attained.

Law Merchant Developed

IN the general insecurity and lawlessness that prevailed in the early part of the Middle Ages the merchants—the business men of the day—organized for their own protection, and to govern their transactions, developed principles which were far in advance of the principles of the laws of their times, and provided their own tribunals where these principles could be equitably and promptly applied. At a time when legal proceedings were notoriously dilatory and technical and where obligations were enforceable only when embodied in formidable documents of great artificiality, business men evolved the law merchant and themselves so administered it that an English judge of the eighteenth century referred to it as "a system of equity founded upon rules of equity and governed in all its parts by plain justice and good faith." What higher tribute could be paid any body of men with respect to their inter-trade relations?

Business today is profiting by the example set by the merchants of the Middle Ages, and transactions involving billions of dollars annually in our own country occur under conditions of self-government in business prompted by the dictates of "plain justice and good faith." Statutory fiat has never created a single great modern market, nor originated the facilities that have made such markets possible.

The growth and development of business and the progress and well being of society as a whole demand unhampered opportunities for individual effort and initiative, which is rendered increasingly difficult in proportion to the increase in government regulation of business. On the other hand, methods and practices designed to secure immediate gains, without reference to the effect on the general public or the ultimate effect on business itself, sometimes renders restrictive and regulatory legislation in the public interest imperative.

Business chafes under such legislation. The remedy lies in its own legislation. It can, if it will, be governed and regulated by its own rules and principles of business conduct enforced by the most effective of all sanctions—a wholesome public opinion—created and fostered by business itself.

At its annual meeting held four years ago, this Chamber, in adopting fifteen fun-

damental principles of business conduct, committed itself to self-regulation by business in these words:

Business should render restrictive legislation unnecessary through so conducting itself as to deserve and inspire public confidence.

I am convinced that the great masses of successful business men who have adopted as their own this principle of business conduct have done so in the utmost good faith with the fixed purpose not to stop at subscribing to it, but of living it; realizing that it is fundamental to enduring prosperity in business.

Confidence in Business

ANOTHER principle of business conduct, then adopted by this Chamber and subsequently by local chambers, trade associations, firms, and individuals throughout the nation, runs thus:

The foundation of business is confidence, which springs from integrity, fair dealing, efficient service, and mutual benefit.

And, going a step further, this Federation of American Business said:

The function of business is to provide for the material needs of mankind, and to increase the wealth of the world and the value and happiness of life. In order to perform its function it must offer a sufficient opportunity for gain to compensate individuals who assume its risks, but the motives which lead individuals to engage in business are not to be confused with the function of business itself. When business enterprise is successfully carried on with constant and efficient endeavor to reduce the cost of production and distribution, to improve the quality of its products, and to give fair treatment to customers, capital, management, and labor, it renders public service of the highest value.

In adopting these principles American business professed its belief that "the Expressions of principles drawn from these fundamental truths will furnish practical guides for the conduct of business as a whole and for each individual enterprise."

These are high professions of strong, far-sighted, earnest men. That they then expressed, and increasingly continue to express, the firm convictions of the great body of successful business men of this nation, there can be no doubt. But when we are considering teamwork, it is profitable to recall the fundamental rules of the game, which should govern the team irrespective of the numerous elements in its composition.

Business does not exist unto itself alone. Business exists only by reason of what it does for others. It finds its opportunities to continue and to develop only in advancing the welfare and the happiness of all those from whom it buys; those to whom it sells, and those whom it employs. In the final analysis business deals with human welfare and human happiness. Its function is to find ways of promoting human welfare and of adding to the opportunities for human happiness. Without teamwork that function cannot be successfully performed.

In its true significance teamwork among business men contemplates that each man so pursue the task he has set for himself that he will progress by virtue of his own abilities, of his own skill, of his own diligence, rather than through placing impediments in the way of others. This principle of business conduct has been proclaimed by this Chamber in these words:

Unfair competition, embracing all acts characterized by bad faith, deception, fraud, or oppression, including commercial bribery, is wasteful, despicable, and a public wrong. Business will rely for its success on the excellence of its own service.

While this is a very simple formula, it is nevertheless not so simple that it will operate automatically. There must be teamwork by all to insure its observance.

"BUSINESS repudiates those whose ruthless methods tend to discredit all business and reaffirms its allegiance to those sound principles of conduct which beget confidence, upon which to endure all business must rest.

"We pledge ourselves to team play with every element of the community of which we are a part, to achieve an all-embracing prosperity, inclusive of all groups and all classes.

"We dedicate anew our best efforts to the diligent pursuit of the greatest of all vocations—the business of right living—proclaiming to the world that he who would be great among us must become the servant of all."

Business performs its function by seeking out new methods to reduce costs; by developing new products of ever-increasing utility in commodities and services, and by evolving new methods to advance the common welfare. That it may gauge the future correctly, it requires more than the cooperation of the public—it must have the confidence of the public. Any disturbance of that confidence, any detriment suffered by the public which will cause a moment's hesitation in the free bestowal of that confidence, withdraws from business the foundation upon which its future must rest.

The times demand straight thinking and frank speaking. They demand that we consider the disturbing evidences of a business atavism—of a throwback to a day of unrestrained individualism; a day of "the public be damned."

Business, which has lately been defined as "the oldest of the arts and the newest of the professions," must, in order to maintain its professional status and to reap the unquestioned advantages of group action, scrupulously discharge its group responsibilities.

Among these responsibilities is to see to it that the profession of business is purged of those pirates whose acts stigmatize and bring business generally into disrepute. Such individuals, unmindful of their duties to the public, inevitably bring upon themselves and the entire institution of business the thunderbolts of public wrath in terms of legislative and governmental regulation that hamper a legitimate freedom of initiative. Ruthless and selfish initiative must be curbed in the public interest and in the interest of legitimate business.

Shall the business community as a whole lose the ground that it has painstakingly and deservedly gained that a few —a very few in relation to the vast host engaged in American business—a few who hold themselves above the law, may crash through and demolish the canons of sound business practices? Those canons have been set up by organized business for its self-government not only for its own protection, but as an assurance to the public that business may be trusted to formulate and enforce its own rules of fair play. If organized business is content to sit supinely by and to permit the ruthless few to undermine the sound foundation on which it rests, then indeed does business richly deserve that swift manifestation of public indignation that will surely be visited upon it.

Much has been said and written of late of the betrayal of public trusts by those in high places. All such must be dealt with by the courts and by the voters to whom they are accountable. I have neither the time nor the disposition to deal with them here. The present concern of business is to cast the beam out of its own eye; to purge itself of those corrupters of public servants whose moral turpitude in making possible the betrayal of a public trust is even greater than that of those whom they would debauch; and to put the ban of outlawry upon those who have a contempt for the public interest, those who have a contempt for the Government that affords protection to them and to their property, and those who have a contempt for our institutions of justice. Organized business will have the courage and the sound judgment to cast out these defilers of the institution of business both in its own interest and in the interest of the public, which in turn will be quick to brand the offenders with the contempt which they richly deserve.

It is the function of Government to deal with crime. But there is a twilight zone

(*Continued on page* 68)

The Nations Need Each Other

By Dr. ALBERTO PIRELLI

Milan, Italy, President, International Chamber of Commerce



"AFTER THE WAR, Europe needed American help; she is still in need of American cooperation. American capital is still welcome for the development of resources and industries, and we shall always need your raw materials and many of your manufactured products"

THERE are people who maintain that if what orthodox theory declared impossible is nevertheless found in practical operation for several years, it means that new forces are at work which alter the old course of international economic exchange. For instance, American tourists' expenses abroad have increased to perhaps $700,000,000 annually; more especially, it is argued, international payments for a number of years have been established in balance and can be so maintained by the constantly increasing outflow of money in loans or investments abroad, despite the decrease in immigrant remittances, and the fact that a considerable part of the loans made represent refunding operations and purchases by foreign groups investing in this country.

Opposing Policies

BUT on the other hand there are people who contend that the United States cannot expect to go on receiving yearly an increasing amount of interest and sinking fund payments on their loans and investments abroad, as well as increasing payments on war annuities and at the same time continue their present policy and the development of their exports by an even more energetic trade promotion activity. It appears to these critics that by a good deal of circus training one can learn to ride two horses at a time, but this feat is impossible if the horses are traveling in opposite directions.

The problem is difficult indeed. The declaration that new economic forces are in action and that the United States can thus go on lending money abroad is certainly a cogent argument. Yet the question arises—if the United States continues lending money abroad at the present rate of a billion and a half dollars annually, and if in addition to this amount they re-invest abroad the interest accruing on previous loans and investments, their total credit from the rest of the world may reach in a comparatively few years so large an amount that some assert the liquidation of the balance may be on a scale entirely out of proportion to the volume of world trade.

I mean by this, what will happen if the interest accruing yearly on loans and investments, plus the annuities on war debts, reaches the incredible sum of three or four billion dollars? Can that be taken care of without alteration in the situation of the visible trade balance? I have an open mind and am not unduly pessimistic regarding this situation, but by raising the question I wish to bring to your attention possible contingencies which have already aroused very great discussion.

Factors of Wealth

A NUMBER of compensating influences appear, such as the rising standards of living in this country, and in fact throughout the world, which during the next decade may be well accelerated much more rapidly than it is now possible to foresee. Sometimes, also, new scientific discoveries revolutionize the course of economic development. Nor should the influence incident to the development of new territories be disregarded. The truth is that at this time we are unable to judge or foresee what is the capacity of the world's consumption and at what time and in what degree this question will arise. However, it will certainly be delayed and diminished in its importance in proportion to the extent to which the whole world cooperates to increase the standards of living and to facilitate commercial intercourse.

What do the critics in this country say of Europe? If my understanding is correct, they are apt to say that, morally, Europe is decaying; that, politically, jealousies and hatreds have divided the Old Continent and bar the way to dis-

armament; that economically, Europe is split up into an absurd number of small states (10,000 miles more of state frontiers than before the war—higher tariffs than ever); that, industrially, Europe has been incapable of adopting these methods which have attained such wonderful success in America and have reconciled a reduction of prices with an increase in wages.

You Have Heard Criticisms

WHAT do the critics of the United States say in Europe and elsewhere? You yourselves have heard these criticisms. Indeed, it requires a much finer nature to rejoice in a friend's success than to sympathize with his misfortunes. They complain that there is something undeserved in the way in which the states have grown rich and powerful; they emphasize the accessible and enormous natural resources; the limitation of immigration; the vast profits made as the result of that very war which in Europe left both victors and vanquished poorer than before. Some criticize your high tariffs, some your policy in respect to interallied debts. Others suspect you of aiming at hegemony over the world; still others refer in terms of reproach to your ideal of "the big."

What do the critics on both sides forget? They forget, as regards your country, that if your natural resources help your economic development, you have shown a practical energy and genius, unexampled in the industrial era in making available the products of those resources to the whole population of your republic.

They Do Not Know

THEY do not recognize in this achievement a business man's contribution to world economic development, the general application of which may well bring about a marked acceleration of the rise of living standards for all peoples. Nor do they fully appreciate your willingness to cooperate in every way possible to lay before the producers of other nations the experience and knowledge gained in the rationalization of industry and trade in the United States, through just such organizations as the International Chamber of Commerce. They forget, also, that with these practical qualities which have led you to such a degree of prosperity, you have combined certain moral gifts which have moved you so often to ideal conceptions of the relations between peoples, indeed to the most striking examples of altruism.

Shall I recall how you rushed to the relief of Europe just after the war, an effort which is identified with the name of one of your greatest citizens, Herbert Hoover? Shall I recollect the part played by Americans in important international offices, carrying with them almost arbitrary powers? My thought goes here first of all to your Vice-President, General Dawes, but allow me to mention also the names of Owen D. Young, Parker Gilbert, Jeremiah Smith; and there are others, to whom I should also like to refer.

Let me mention the generous international undertakings of the Rockefeller, Carnegie and other beneficent foundations, and let me add with what admiration every time I come to the States, I notice the wonderful development of your schools and universities, of your libraries, of your scientific laboratories, of your benevolent institutions and of the results which they achieve.

The Situation Abroad

AND what about old Europe? Well, she is not at all the villain of the piece that some people like to describe. In judging the situation over there, you must bear in mind the terrible suffering and ruin caused by the war, the political and social difficulties which are characteristic of all after-war periods; the painful dislocation of the economic and social fabric of so many countries; the fiscal burden under which the productive activity of many European countries is labouring.

Perhaps more than anything else you must bear in mind that it is impossible to judge of European conditions on an American standard.

The political and economic union of your 48 states was indeed a remarkable achievement. But imagine how much greater are the difficulties in connection with countries like those of Europe, with their inequalities dating back centuries, sometimes thousands of years,—inequalities in language, in history, in traditions, in habits, in mentalities. And some of those traditions, a part of that mentality, make such a precious inheritance, that we believe their maintenance is even worth the sacrifice of certain economic advantages.

Too brilliant a light in our streets may prevent us from seeing the stars. What then can be done? I am no prophet and no preacher, but I do think that a better understanding and more intimate collaboration between those on the two sides of the Atlantic would not only do away with a lot of avoidable friction, but also bring about very great advantages both to Europe and to America.

After the war, Europe needed American help; she is still in need of American cooperation. The United States still remains an important outlet for European goods, and I hope that will always be so. American capital is still welcome in many countries for the development of their resources and industries, and we shall always need your raw materials and many of your manufactured products.

Moreover, Europe still desires your sympathy and moral support in such work of reconstruction as still has to be achieved, and Europe wants your lead and your inspiration in many initiatives tending toward the ideal progress of the world.



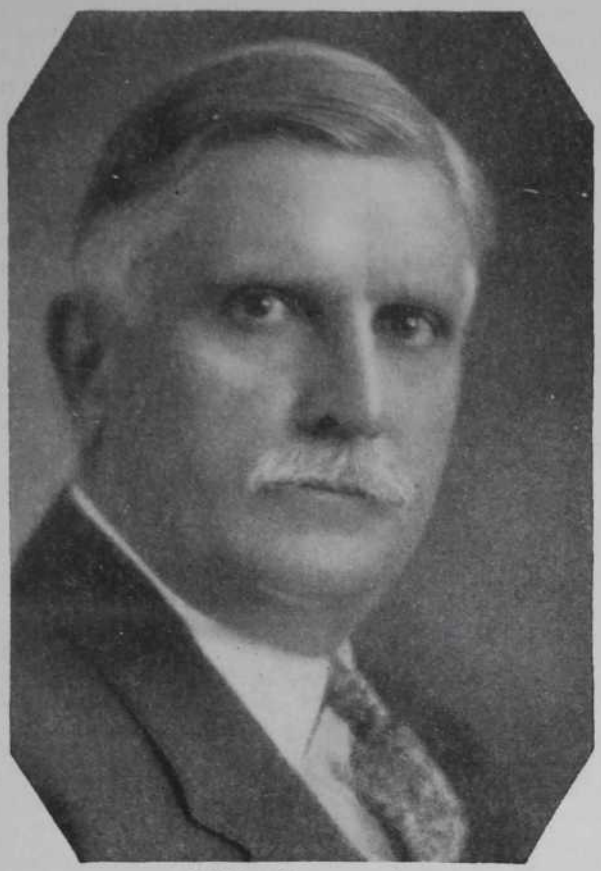
Court of the National Chamber Building

"ONE CAN LEARN to ride two horses at one time, but this feat is impossible if the horses are traveling in different directions. The United States cannot expect larger debt payments and yet continue its tariff policy, with exports growing."

Your Interest in Us

AND you on your part know very well that every day you are further extending your intimate relations with Europe; but do all here present know that Europe not only buys American goods but to an extent that she is still your greatest customer? Nearly half of your exports are sent to Europe. The prosperity and the development of Eur[illegible] thus become of paramount [illegible]est to the United States [illegible]pt whole, right down to the w[illegible]e a of your factories, as well a[illegible]rds farmer who grows co[illegible]ty, wheat, or cattle. The Stat[illegible] placed in Europe about 30 [illegible]cent of all their foreign inves[illegible] ments.

This ratio seems to be increasing, for you are placing more money each year in the Old Continent, and, therefore, irrespective of the question of inter-allied debts, the States are also from the financial point of view becoming definitely interested in European prosperity.



William Butterworth

Mr. Butterworth succeeds Lewis E. Pierson as president of the National Chamber. He is president of Deere & Company, Moline, Illinois, manufacturers of agricultural implements



Joseph H. Defrees

Mr. Defrees becomes Chairman of the Board of Directors of the National Chamber, succeeding Judge Edwin B. Parker. He is a member of the law firm of Defrees, Buckingham and Eaton, Chicago

Guide-posts of Business

The Resolutions adopted by the Sixteenth Annual Meeting of the Chamber of Commerce of the United States

THE Chamber of Commerce of the United States declares its confidence in the general integrity and sound ideals of modern business. These are brought into high relief by recent disclosures of individual violation of established business practices.

American business is jealous of its good name, insists upon protecting its professional status by the maintenance of the highest standards, and intends scrupulously to discharge its collective responsibilities.

Responsibilities of Business

CHIEF AMONG such responsibilities is that of purging business of all those who indulge in commercial and political corruption and, through resort to unclean or unworthy practices, bring business into disrepute and shock the sensibilities of all decent citizens. The Chamber declares that the moral turpitude of corrupters of public servants is even greater than that of those whom they debauch.

The Chamber emphasizes its principle of business conduct which provides that "corporate forms do not absolve from or alter the moral obligations of individuals."

It maintains that stockholders of corporations owe it to themselves, to the Government, and to the profession of business publicly to repudiate those who misrepresent them. Such stockholders cannot accept the profits flowing from corruption and escape the moral stigma which inheres in such profits.

Neither can they permit those who act for them to profit personally through corrupt corporate transactions, or shield others who do.

The Chamber reaffirms its allegiance to the principles of business conduct adopted at its annual meeting in 1924; and particularly does it reaffirm the principle that "business should render restrictive legislation unnecessary through so conducting itself as to deserve and inspire public confidence."

Government and Business

THE VERY essence of civilization is that there be placed upon the individual only that degree of restraint which shall prevent his encroachment upon the rights of others, thus releasing to the utmost individual initiative in every proper direction.

Our form of government most effectively expresses and maintains this principle. Within our basic law exists ample provision for such changes as may from time to time be necessary to safeguard

our people. It is, therefore, essential that our government should scrupulously refrain from entering any of the fields of transportation, communication, industry, and commerce, or any phase of business, when it can be successfully undertaken and conducted in the public interest by private enterprise. Any tendency of government to enter such fields should be carefully weighed in the light of its possible effect upon the very genius of our institutions.

Federal Taxation

THE MEMBERSHIP of the National Chamber has, through referendum vote, repeatedly gone on record for a proper equalization of the federal tax schedules. Despite continued large surpluses certain taxes levied for war purposes are still an unnecessary burden on the American public. We believe that the condition of the finances of the country to be expected will warrant the reduction of the corporation income tax to not more than 10 per cent, the elimination of the war excise taxes on particular businesses, and the repeal of the estate tax. These declarations have been convincingly supported in the report which was before the membership in Referendum 50.

Federal Courts

THE Chamber of Commerce of the United States pledges itself to the maintenance of those immutable principles of government upon which our nation is founded. Experience has demonstrated that ours is the best scheme yet devised for the government of a free people. Each of the three departments—the legislative, the judicial, and the executive—has its separate functions. These departments were conceived, established and put into operation as essential parts of an effective machine. They must work together, but cannot and must not conflict with each other if our Government is to endure and our people are to prosper. Any effort by the legislative branch to usurp or limit the functions of the judiciary must result in disaster.

The Chamber deplores any and all efforts to obtain the adoption of legislation which tends to minimize the power or diminish the jurisdiction of the federal courts, or to substitute the legislative will for the discretion of the judge in the discharge of a judicial duty.

Improvement of Federal Tax Laws and Their Administration

AN EARLIER declaration is affirmed to the effect that a proper fiscal policy requires that federal revenues and expenditures should substantially balance. If the amounts now provided by statute are not retiring the national debt with sufficient rapidity, then Congress should designate additional definite funds for that purpose which can be properly budgeted, and adventitious and uncertain amounts, such as year-end surpluses, should not be relied upon for the reduction of funded obligations. When large year-end surpluses result, they should be returned to taxpayers in proportion to the taxes they have paid.

The work of the Joint Congressional Tax Committee during the last year is noted with satisfaction, and a previous declaration that Congress provide adequate facilities for the Committee to complete its proposed objectives is affirmed. The administration of the income tax continues to impose unwarranted hardships on taxpayers. While fully cognizant of the difficulties involved in administration during the war and the period immediately following, after a decade for organization, recruiting of personnel and accumulating experience and precedents, the public has a right to expect and demand a plane of efficiency which has not yet been reached.

Removal of delay and congestion in one part of the collecting system has resulted only in transferring such delay and congestion to some other point without materially accelerating the final closing of cases. Expedients heretofore adopted have not accomplished the desired relief. A thorough survey of the administration of the Federal Income Tax should be made by the best talent that can be procured for the purpose of determining the causes of delay and congestion and methods whereby improvements can be made.

The administrative provisions relative to internal revenue taxation should be segregated and codified, and retroactive provisions operating to the disadvantage of the taxpayers should be avoided, and those existing eliminated. Provisions, either statutory or administrative rulings, which are harsh in their nature and not in conformity with accepted standards of equity and fairness should be avoided and those in operation repealed. Income tax returns made in good faith and in accordance with regulations existing at the time such returns were made should not later be disturbed.



WIDE WORLD

Philadelphia Wins Fire Waste Award

The Award of the Grand Prize in the Inter-Chamber Fire Waste Contest in which Philadelphia was judged the winner. George W. Elliott is here shown holding the award given the Philadelphia Chamber of Commerce. To the left is Senator Arthur Vandenberg of Michigan, who made the presentation address at the opening session of the Sixteenth Annual Meeting of the National Chamber

State and Local Taxation and Expenditures

MORE THAN five hundred organizations of business men have directed their energies to the solution of problems relating to state and local taxation. Many of them have registered demonstrable results. The success of these activities already under way illustrates the desirability of other similar organizations doing such work. The large and rapidly increasing volume of such state and local taxes evidences the immediate necessity of organization effort. Those groups already at work should continue their efforts, and those not yet active are urged to examine closely the taxes and expenditures of their states and localities.

From the time of its organization, the National Chamber has been a staunch adherent of adequate budget procedure for all units of Government in planning and making their expenditures. Installation of sound budgets in those spending units which do not now have them and modernization of budgetary procedure already existing, with a view to making them reveal a true and complete picture of fiscal operations, are immediately es-

(*Continued on page* 74)

Business and the Law

By SILAS H. STRAWN

Chairman of the Board, Montgomery Ward and Co., Chicago, Illinois and President, American Bar Association



THE greatest peril to this country today is the indifference and apathy of our business men toward the problems of government, local and national. The principles enunciated by our Constitution, upon which this Nation was founded, are immutable. The danger is that the maintenance of these principles, the ideals of the founders of our Republic go by default—neglected by the best brains and energies of our citizens who are too deeply engrossed in production and accumulation. Too many of our ablest men let "George" do it. They are so occupied by their own affairs, they give little or no attention to the more vital business of the Government.

I submit that business men, not only in their own selfish interest, but in the discharge of their duty and responsibility as citizens must give more attention to what is going on in Congress and in the legislatures if they would continue to prosper under those principles of government laid down by our fathers and which experience has demonstrated are the best scheme yet devised for the government of a free people.

Well within the recollection of many of us, the lawyer was not expected to be able to give advice on business questions. He was assumed to know little about trade. His activities were confined to advising his clients respecting their legal rights. Litigation was his specialty. He was a destructive rather than a constructive agent.

With the development of manifold inventions, the multiplication of means of communication, and the ever-increasing complexity of our social life, there have come into force in the last half century thousands of new laws and regulations respecting transportation, trusts, public utilities, corporations, workmen's compensation, motor vehicles, aircraft, new forms of insurance, investments, trusts, revenue, health, food and a vast number of other subjects which time will not permit me to enumerate.

Lawyers Know Business, Too

THE lawyer of today must know more about the general principles pertaining to his client's business than does the client himself. He must know more law, more business, more politics and more about what is going on in the world than the lawyer ever knew before.

Thus the business man has come to rely upon the lawyer not only for advice as to his legal rights, but for direction respecting the general principles concerning his business. No lawyer can hope to succeed in the practice of his profession in these times unless he knows the language of business.

Commencing with the amalgamation of the constituent companies into the United States Steel Corporation, in 1898, the last thirty years may be known as the age of the "big unit." Competition and economy have made necessary the creation of big units in almost every industry and business. I predict that the age of the big unit has only just begun and that in the future the problem of our Congress and our legislatures should be, and let us hope it may be, not how combinations of capital and labor may be disintegrated and destroyed, but how they should be regulated and controlled, best to serve the people.

Both the creation of legal structures by which these vast enterprises function and the preservation of private rights in their relation to governments—municipal, state and federal, domestic and foreign—is that of the lawyer.

All of these enterprises must be financed. Bankers require the opinion of lawyers as to the titles to the property and as to the legality of the corporate entities. The lawyer must prepare the securities which shall be sound and marketable.

A few lawyers still wind red tape, but this type of lawyer is rapidly disappearing, for the obvious reason that that kind of exercise is not remunerative or interesting. Certainly it is not constructive.

Business men have no time to listen to dissertations upon the theory of the law. What they want is prompt and accurate advice as to their legal rights. They do not want to know why they cannot do things; they want to know how they can obey the law and carry on their business.

That business men have come to realize that the lawyer's mind is trained to think accurately; that he has the capacity to reason dispassionately, to see things objectively rather than subjectively; that lawyers have the ability to distinguish between right and wrong and the facility to express their thoughts is evidenced by the fact that business men have selected lawyers as the chief executives of great industries.

The practice of the law necessarily involves a combination of the ideal with the intellectual and the practical. The lawyer must be intellectual, that his knowledge may be constantly increased and his view broadened. Yet, however idealistic or erudite he may become, he cannot well serve his client and will accomplish little if he is not able quickly to apply his fund of information to the practical solution of problems.

Bar Not Losing Influence

I DENY the assertion of some carping critics who say that the Bar is losing its influence or that the changing conditions which have made necessary the familiarity of the lawyer with the problems of business have caused him to be any less a careful student of the law or a poorer citizen.

The business man is much more vitally interested in the law than is the lawyer, for the obvious reason that all business must be conducted in obedience to the law of the land, while the lawyer's attention is directed more particularly to the practice of the law as it is. This does not mean that both the lawyer and the business man, as citizens, are not equally interested in the adoption and in the enforcement of wise and helpful laws.

No business man can be expected to know all that is going on in the Congress or in the legislatures, but he should know about such legislation as is directed toward the destruction not only of his business but also the very stability of our Government.

The American Bar Association is a voluntary organization, consisting of more than 28,000 members, and created for the purpose of advancing the science of jurisprudence and promoting the administration of justice and uniformity of legislation and judicial decision throughout the

nation. This organization would fail in its purpose if it did not do everything that it could consistently do, not only to promote legislation helpful to business, but to prevent the passage of laws which are intended to harass, nag and annoy business, and which tend to destroy or limit the power and dignity of our courts and to subvert the Constitution of the United States.

Favors Industrial Arbitration

THROUGH its Committee on Commerce, the Association has been endeavoring to frame some plan looking to the enactment of federal legislation respecting the arbitration of industrial disputes. It is encouraged to believe that within a short time it will be able to submit a draft of a bill to that end. In its effort it has had the friendly and helpful cooperation of the American Federation of Labor.

The Association, on the initiative of its Committee on Jurisprudence and Law Reform, has been doing what it could to bring about the passage of a law by Congress providing for the registration of judgments, decrees and orders rendered by any court of record of any state or of the United States in any other such court of record. This legislation applies only to personal judgments rendered against parties personally brought before the jurisdiction of the court.

Its manifest purpose is to obviate multiplying litigation by requiring parties to sue on judgments when they are sought to be enforced in other states.

For several years the Association has been endeavoring to obtain the passage of a federal law respecting declaratory judgments. That is, the court may render a declaratory judgment in all cases of an actual controversy as to the legal rights of the parties before the actual breach has occurred, which would give the cause of action, thus enabling parties to know in advance of the breach something about what their legal rights in the case may be.

> **"THE lawyer of today must know more about the general principles pertaining to his client's business than does the client himself. He must know more law, more business, more politics and more about what is going on than the lawyer ever knew before."**

In the interest of the orderly and expeditious disposition of cases, the Association always has vigorously opposed all legislation intended to prevent federal courts from instructing juries orally or from expressing an opinion as to the credibility of witnesses or testimony in federal courts.

Notwithstanding our efforts, a bill recently passed the Senate known as the Caraway Bill, S. 1094, which compels a federal judge to submit his charge in writing at the conclusion of a trial and prevents him from expressing an opinion formed as to the credibility of witnesses and the weight of testimony.

It is the policy of the Association to encourage the cooperation of the courts with juries, so that juries may have the benefit of the knowledge of the judge about the law as well as his experience in other cases.

This bill, in the judgment of the Association, is revolutionary and tends to destroy the dignity and effectiveness of judicial procedure in the federal courts.

Another bill which has aroused very much discussion and antagonism from many sources is that known as the Shipstead Bill, S. 1482, which provides that equity courts shall have jurisdiction to protect property *only* when there is no remedy at law and for the purpose of determining such jurisdiction nothing shall be held to be property unless it is tangible and transferable.

The passage of this bill is urged by the labor unions. The American Bar Association has no quarrel with labor. It represents neither capital nor labor. Its dominant purpose is to promote the orderly administration of justice and preserve the power and dignity of the courts, because it realizes, as must every good citizen, that the courts are the last and impregnable bulwark between order and chaos.

Doubtless in some cases injunctions against labor unions have been too broad. No good citizen should deny the right of a laboring man to discuss his grievances with his fellows, or to join a union to protect his rights.

No injunction order should ever go beyond the reasonable protection of life and property, but the extent to which a court of equity shall extend its protecting arm must always be determined by the courts and that discretion cannot, under our Constitution, be taken away from the judiciary and vested in the legislature.

Concerning this class of legislation, the late Justice Brewer of the Supreme Court of the United States said:

"To take away the equitable power of restraining wrong is a step backward through barbarism rather than a step forward toward a higher civilization. Courts make mistakes in granting injunctions. So they do in other orders and decrees. Shall the judicial power be taken away because of their occasional mistakes? The argument would lead to the total abolition of the judicial function."

It is not consistent with the policy of the American Federation of Labor to permit resort to violence in labor disputes. It advises strict observance of the law. Therefore, I submit, if labor unions obey the law there is no need for injunctions.

If, however, irresponsible mobs threaten to destroy life and property and to do irreparable injury, it is the duty of courts of equity to extend a protecting arm.

The Shipstead Bill undertakes to direct a judicial decision with respect to what constitutes property under the Constitution and that is plainly a judicial function. It denies to the judicial power the right to preserve intact the subject-matter of litigation before it and upon which it is to exercise its authority, and it deprives the citizen of an effective remedy for the protection of intangible rights.

A bill much more far-reaching and revolutionary than the Shipstead Bill in its scope is that known as the Norris Bill, S. 3151.

This bill is intended to destroy all jurisdiction of the federal courts, predicated upon diversity of citizenship. Obviously, if this bill became a law, then no complaint could be made of the Shipstead Bill, because no one could get into court to obtain an injunction.

Bill Would Hurt Business

DISREGARDING the Constitutional objections to the adoption of such legislation as S. 3151, the vice of the bill as it affects the business interests of the country is patent.

The purpose in vesting federal courts with jurisdiction on the grounds of diversity of citizenship was to encourage the investment of capital in foreign states on the assurance that if any serious controversy arose respecting that investment, the investor could have recourse to the federal courts, with the assurance that he would not thereby be subject to local prejudice.

With this protection hundreds of millions of dollars of foreign capital have been invested in all of the states of the United States.

To a lawyer, or to any citizen who has given the subject any thoughtful consideration, it would seem almost incomprehensible that the Congress should attempt to destroy confidence in these investments and to limit, if not indeed to paralyze, the efforts of business men, especially in our great western states, in obtaining capital with which to carry on their business and finance their utilities and industries.

Bar Vigilant for Clients

TIME will not permit me to dwell at greater length upon the work of the American Bar Association. We have 25 committees and 10 sections drawn from among the leading lawyers of the country, all engaged in trying to carry out the purposes of our charter in promoting the administration of justice.

Thus you see, lawyers are eternally vigilant in protecting the business interests of their clients.

If business is to prosper in the future as it has in the past, if we are to maintain the stability of our Government in this land of liberty and opportunity, then I submit the business men of this country must take a greater interest not only in the making of our laws, but in the selection of those officials who are to administer and enforce them.

Making the Farmer Prosper

By ROY JOHNSON

"Master Farmer," Casselton, North Dakota



THE UNITED STATES, so far as agriculture is concerned, is confronted with a momentous issue—whether an independent agriculture, enjoying the advantages and a standard of living comparable with that of town and city dwellers, can be maintained. It was this kind of agriculture which in the past enabled the United States to reach such a high place among the nations of the world, and it is this kind of agriculture that must be continued if the country is to maintain its present position.

It is the solving of this problem that is challenging the ability of the statesmen, economic, business, and agricultural leaders of the country.

In the last five years no subject has been more widely and thoroughly discussed than the agricultural situation, nor has any subject been so carefully analyzed.

The report of the Business Men's Commission, which was appointed by the Chamber of Commerce of the United States in conjunction with the National Industrial Conference Board, and that of the committee appointed by the Association of Land Grant Colleges, are two of the most valuable contributions on the subject, and it is remarkable that two committees so different in their viewpoints and occupations should agree so closely, both as to the problems of agriculture, and the method of solving them.

Many Problems in Farming

BOTH committees found that agriculture's present unsatisfactory condition in comparison with that of the other industries of the country is due not to one problem of surpluses alone, but to a number of problems:

1. Production of surpluses.
2. Inequality in tariff schedules.
3. Burdensome and unequal railroad freight rates.
4. Lack of a national land policy in the interest of agriculture.
5. Unfair burden of taxation borne by agriculture.
6. Undeveloped agricultural credit machinery.
7. High cost of production through lack of individual adjustment on the part of farmers.
8. Undeveloped cooperative movements on the part of farmers.
9. Restricted immigration.
10. Insufficient research work on the part of the National Government and states.

As a farmer, I am deeply impressed with the fairness and thoroughness of the report by the Business Men's Commission and with its accurate analysis of the situation. I am not going into a discussion of the technical problems involved as represented by surpluses, tariff policies, freight rates or taxation. However, I can not refrain from asking, so far as surpluses are concerned, why the country expects to be unanimous on a perfect method for their handling before trying anything. No other legislation such as the Federal Reserve Act was perfect at its passage, but has required many amendments.

I do want to discuss the problem of self help or individual adjustment by farmers to existing conditions in order to show what many farmers are accomplishing in spite of the handicaps affecting agriculture, because you undoubtedly wonder how a farmer exists at all, and whether there is any hope for his future, in view of the many problems involved.

In the last three years the Association of Standard Farm Papers has carried on a Master Farmer project in several parts of the country.

This consists in the rating, by a competent committee, of a group of men, who have been nominated by their neighbors, on a score card basis as to their ability and success as farmers.

I am acquainted with the accomplishments of the group selected in the Northwestern territory, and I want to give a few facts concerning them collectively to show how a large number of farmers, of whom they are a small representation, are progressing in spite of the problems handicapping agriculture.

The Northwestern group selected for the year 1927 was composed of sixteen men from the states of Minnesota, Wisconsin, South Dakota, and North Dakota. All but four of these men were born on farms. The average size of the farms owned by them was 388 acres, which was from 50 per cent to 100 per cent larger than the average sized farm in their respective states. The acreage which they planted to soil building and weed combating crops varied from two to five times larger than that of the average farmer of the respective states. The average amount of their investment was $47,000, on which they earned not less than a 5 per cent dividend during the last five-year period. This group averaged 52 years in age, and had farmed for an average period of 25 years. They were all married and had an average sized family of five children.

The standard of living which they enjoyed is shown by the following facts: Fourteen of the sixteen had water systems in their homes; thirteen had electric lights, the others having gas lights; thirteen had bath rooms; fourteen had power washing machines; and all had musical instruments, libraries, and current periodicals and dailies. None of their children had stopped school before finishing high school, and at least one in every family of proper age has attended or is attending college.

Typical Successful Farmer

YOU are undoubtedly wondering how the members of this group were able to accomplish these results. My own experience is representative of the group. The first problem in this individual adjustment was the careful organization of the farm, dividing the capital fairly among land, buildings, livestock and equipment. I am farming 920 acres of land, 640 acres owned, and 280 acres leased. The total investment of $80,925 is divided as follows: land, $41,600; buildings, $10,325; livestock, $13,000; equipment, $11,000; grains, feed and seed, $5,000.

This division of capital was not accomplished immediately, but was spread out over a ten-year period, emphasizing the fact that farm adjustment is a slow process.

The second step, and correlated with the first one, was the proper choice of enterprises and the plotting of the farm so that these enterprises could be continued on a uniform scale year after year, the fertility maintained, weeds combated, feed provided for the livestock, and cash returns furnished in grain, legume, and cultivative crops. One-fourth of the farm acreage is the cultivative crops each year, consisting of corn and potatoes; one-fourth of the farm is in legume crops each year, consisting of alfalfa and sweet

clover, one-fourth of the land is in feed crops consisting of oats and barley, and the final fourth of the acreage is in cash grain crops, consisting of wheat and flax. The livestock enterprises on the farm are beef cattle and hogs, and cash returns are got from each livestock enterprise yearly.

The third step in this individual adjustment to conditions was the obtaining of the best adapted varieties of grains and plants and a good quality of livestock, and the following of the most approved farm practices in their handling. The fourth step, and one of the most important, is the maintaining of the program mapped out irrespective of market conditions.

To show how such organization and diversification has helped to stabilize my farm income while the market prices of farm commodities have fluctuated a great deal, I am going to give some figures from my income tax reports for the last four years:

The average gross profit was $17,038, the lowest $1,572 less, the highest $2,114 more.

The average expenses were $11,890, the lowest $1,520 less, the highest $1,942 more.

The average net profit for the four years was $5,146, the lowest $197 less, the highest $286 more.

The net profit was an earning of 6.3 per cent on the capital of $80,925.00. This comparatively low earning must cause you to wonder why men continue to stay on the farm. I can only say that it is through the love and enjoyment of an independent country life, the pleasure of rearing children on the farm, and the desire to improve and hand down what has come to them from the preceding generation.

Whole Problem not Solved

I DO NOT want to leave the impression that self help or the adjustment of farmers individually to existing conditions will solve the whole farm problem, because the placing of all the farmers of the country on the basis I have just described would simply aggravate the problem by providing greater surpluses, and prices would be correspondingly lowered; but I do want you to know that there are a great many farmers progressing.

Thirty million people are engaged in agriculture and the serious reduction or destruction of their consuming power would make general prosperity impossible. It is to the interest of industry and business to aid in the preservation of an active and healthy agriculture.

If given a set of conditions that will remain stable over a considerable period of time, agriculture will adjust itself to them and prosper, but it cannot adjust itself quickly. When the deflation came after a period of liberal credit, and no more money was to be had, agriculture set about adjusting itself, and after eight years is still in the process of adjustment.

It has been stated recently that the people of this country have invested thirteen billion dollars in foreign countries. Agriculture is deserving of some of this confidence. It was the original occupation of the country, is one of the most important now, and must remain so in the future. It is as permanent as life itself, and is the only source of wealth that cannot be exhausted. Capital is needed in electrification of farms, in the manufacture of its by-products into commodities of value, in the production of cheaper fertilizer and many other ways.

We have developed in this country a national banking policy, a national labor policy, a tariff policy in the interest of manufacturing, a military policy, and just recently a radio policy, but in the case of agriculture, where a national policy has been needed for years, we are still at sea.

United Man Power

By ED OVERHOLSER

President, Chamber of Commerce, Oklahoma City, Oklahoma

SINCE the quantity of matter cannot be increased, but the intelligence and effort of man-power is susceptible of unlimited development, if we are to prosper and progress, if we are to develop fully within our lifetime the resources of our respective communities and states, the quickest way to accomplish this is in the development of our man-power.

I believe these things to be fundamental, and my efforts have always been directed toward assembling our citizenship *en masse* and uniting them in a central group, under a leader—not all problems in one unit but one unit for each problem.

Separated Organizations

ANY person who has devoted a considerable portion of his life to public or semi-public service must have become convinced that in these days of multiple organization, there is one fault common to a vast majority of the present generation. We are organized to the point of destruction but in few instances are the organizations united.

Each individual seems to be securely tethered to a peg by some hobby, superstition, desire or fear, and is revolving around and around his peg at an ever increasing speed.

We must strive to produce one organization for each problem—an organization composed of citizens and groups representing every line of endeavor in the community, who are willing to devote their time and energy, intelligence and means to the up-building of the city in which they live, men and women willing to serve without compensation other than that which comes to the community as a whole.



The board of directors of the Chamber of Commerce in my town drafted a man in the community who had spent his entire life in organization, who was known to be a handler of men, and was effective in raising funds for public purposes, and to this man they offered the complete control, direction and reorganization of the Chamber.

He accepted with a rather unusual condition: that he be elected president to raise the funds; that he be made manager to spend them, and that he be given absolute control of the form of the organization and its operation. Although a radical departure from both By-Laws and custom of the organization, his proposition was accepted.

It is history that this man called this community together in one great mass meeting and in twenty-one minutes not only raised the deficiency, some twenty-five thousand dollars, but secured the finances to operate the new organization for the following year.

A careful analysis of our Chamber of Commerce disclosed the fact that within the shell of the parent organization there existed seven separate self-governing groups, each with a president and board of directors, each choosing its members and activities, soliciting its own funds without regard for the officers or membership of the general organization, or, for that matter, for one another.

The new manager placed before the

"Are You for Big Business or for the People?"

A READER asked this question. His letter was dated at Oberlin, Ohio. The editor of NATION'S BUSINESS wrote to him in reply: "Before answering, we should like to ask you a question in turn. We don't know the size of your business; we don't know if it is $10,000 or $50,000 a year. We don't know if you are satisfied with it, or whether—in common with most normal Americans—you are putting forth greater efforts to attain greater things.

"But, as you go ahead, where is the dividing line that marks the danger to society?

"Where does your honorable business become dishonorable on account of its bigness? At what point does success become sinister?

"Just west of Oberlin is a farmer named Jones, crippled by paralysis since a baby, who made such good sausage that today he ships it into every state. Just east of Oberlin, a Mr. Davey took such good care of his neighbors' trees that the nation heard of him and his work, and beat a path to his door. And to the northeast, a poor candy-maker named White, in Cleveland, observed us chewing sticks and straws, capitalized this idiosyncrasy, and built up the chewing gum industry.

"At what point did Mr. Jones leave off being a good citizen—was it when he extended his business outside his village, his county, or his state? At what point did Mr. Davey become a menace—when he started to doctor trees outside of Kent, or outside of Ohio? And Mr. White? As he peddled his gum, he was not a pernicious Big Businessman.

"At what stage of his way to international trade and a necessary financial office in New York's Wall Street district did he lay aside his virtue and fair dealing?

"What is there of virtue in small business that makes that small business with its same policies anathema to thoughtless ones when it develops into Bigness? Was Henry Ford a better citizen when he operated a shop in a back alley, going in debt to buy a Thanksgiving chicken, than Henry Ford as the richest man in the world? And where did the change take place?

"What are we fathers to tell our small boys, who are already dreaming big dreams of accomplishment, spurred on by everybody to 'get ahead,' 'be successful?' Must we say to them, 'Thus far you may travel, and no farther! If you go beyond, you will suffer the slings and arrows of outraged public sentiment. You and yours will be crucified as undesirables; politicians will find your most worthy acts have a sinister motive.'

"If you still insist on an answer to your question: Are you for Big Business or for the People? we shall have to say: 'We are for both.' And we are for Small Business too—the small business which sees a shining goal, and strives to attain it. Don't take this away from America, please, because it is the opportunity of the individual, and individualism is the very heart and soul of America."

This NATION'S BUSINESS *advertisement, which first appeared in 1924, was read by President Pierson in his Annual Meeting Dinner speech. So many requests for copies have come in that we are reprinting it*

board of directors this plan: There shall be no separate governing group within this Chamber of Commerce, nor shall any funds be raised except in a general budget approved by this board of directors and properly supervised and audited by them in its expenditure.

Activities United

ONE after another these separate functioning divisions or organizations, as they called themselves, were won over to this plan; abandoned their separate organizations and brought the activity into the Chamber of Commerce as a committee or division of the Chamber. Their presidents were appointed chairmen of the committees, their board of directors were made an executive committee and their funds were included in the general budget and so far as possible, were approximately what they themselves had been raising for the purpose.

When this idea was adopted it was estimated that the plan of organization would require five years to complete. In exactly that time not only had these seven separate organizations become a completely integrated part of the Chamber, but the seventeen civic clubs of the city were sold on the idea.

The civic clubs were so to teach men that if they perchance joined the church, they would be among the most valuable members of the congregation; that if they worked in the Community Chest or a charity, they would be better able to serve intelligently; that if they were members of the Chamber of Commerce, they would be equipped to make a reputation for the community, themselves, and the club from whence they came.

In furtherance of this idea the Civic Committee of the Chamber of Commerce was formed. The membership of this committee consisted of the president and secretary of each civic club in the community. This committee meets twice a month, and to it any demand upon the community which requires either man-power or money must be presented in a written application. Such demand must secure the endorsement of this committee or it receives no support from the Chamber of Commerce, the Retailers Association or any other business association.

The Ministerial Alliance was also sold on the theory that in purely business matters it should bring its problems to the Chamber of Commerce. The county government during the last year brought a campaign for the insurance of bonds for road purposes to the Chamber of Commerce and entrusted the conduct of the entire campaign to that organization, with the result that the bonds were voted and the entire system of roads is now being hardsurfaced.

Within the last eighteen months the city government has voted upon three issues of bonds for city purposes, and in every instance they voluntarily brought the campaign to the Chamber of Commerce and entrusted its conduct entirely to the organization.

In each instance the election was carried and the improvements sought are now under way.

At this time there is no single business or civic organization in our community which is not allied in some way with the Chamber of Commerce, and I believe that I can state without fear of contradiction that in no town in the United States is there more complete unity of man-power for the solution of community problems.

Back of Sound Legislation

By BENJAMIN LORING YOUNG

Legislative Advisor, Associated Industries of Massachusetts



IF WE are ever to have sound legislation in the interest of all the people, the people themselves must have an opportunity of knowing what is going on.

Many business men doubtless have made some study of the law. How many have been sometimes at a loss to find exactly what provision or statute was actually in effect?

How many state legislatures biennially pass hundreds of statutes on matters of general concern, without phrasing them as specific amendments or additions to statutes formerly passed?

A legislative body should publish not less often than weekly, a bulletin enumerating by title and name every measure pending before it, showing reference to committees, dates of hearings held and to be held, action of committees, and action of either or both branches of the legislative body. Every step should be shown from the introduction until the final approval or disapproval of the measure by the executive.

Each branch should have a competent bill-drafting department, with a skilled, independent, and well paid expert at its head, to advise the final committee on every point of form, phraseology and constitutionality. The rules requiring such a report from that committee should not be suspended except by unanimous vote.

Keep Revised Statutes Revised

IT SHOULD be the duty of this committee to see to it that every measure of general application, as distinct from a private act, be given a specific chapter and section number in the last general revision of the statutes. In other words, there should be from year to year a continuing revision or consolidation of the general body of statute laws, with the provision that a master copy containing every amendment in its appropriate place, should be kept on file somewhere in the state capitol.

Another real need is an executive budget with teeth in it, a statute or constitutional provision requiring the chief executive at each session to submit a complete and detailed financial plan.

I can go back in my memory 15 years in Massachusetts, and recall many executive messages at the beginning of the sessions which would proclaim the necessity of economy, which would state that the legislature would be faithless to its trust if it increased taxes, and which would then close with a stirring plea for old age pensions, health and unemployment insurance, and many other radical proposals, without one word as to their cost.

If the executive is tied to a sound budget system, he cannot make such recommendations without counting the cost in advance. In the very measure in which he proposes each expenditure, he must tell the people how much it will cost them, and exactly how the revenue should be raised.

The standing abuse of American legislative bodies before the general adoption of the budget was the "log rolling" and "pork barrel" system, whereby votes were swapped and local improvements were made for political reasons for favored legislators, usually with no thought of the public expense, until some deficiency revenue bill had to be passed toward the end of the session to meet the cost.

A sound budget system, as I see it from the point of view of the legislature itself, is in the legislature's own interest and not a cutting down of its legitimate powers of government. A sound budget should include the requirement that no special appropriation bill, or bill authorizing the expenditure of money should be passed by the legislature—an absolute prohibition which would have to be written into the constitution—until final action upon the executive budget.

With the whole financial plan spread before the people; on the one side the appropriations and on the other side the revenues and taxes, any legislator might then advocate and push through to final enactment a special bill, but under the absolute condition that such special bill should carry with it the necessary revenue and taxes to pay the cost. Now, the whole pleasure of the average state legislator in putting through a private appropriation bill is lost if the second section has got to state on its face the way in which the taxes will be raised to pay the cost.

State legislatures should have the authority, even if they do not exercise and use it, of referring every measure to the attorney general for an official opinion upon constitutionality. The custom prevails in some states, but in many others it is never availed of, and year after year our legislative bodies are putting on the statute books bills badly conceived, and hastily drawn, never passed upon by the chief law officers, and productive of expensive litigation among the private citizens of the state, to the inconvenience of everybody.

No legislative matter should be favorably acted upon except after reference to a committee, and a public hearing, upon adequate notice, so that the members of the general community should have a right to be heard.

Lobbyist Is Necessary

I THINK in the old days, now happily gone and I hope beyond recall, the work of representing business organizations before legislative bodies was looked upon somewhat as a matter of reproach. The very term "lobbyist" itself was one that did not go along with an appearance before a court, or the other honorable work of the profession. I believe, myself, that an appearance before a legislative committee in advocacy of or disapproval of measures on behalf of private clients is a branch of the legal profession which should be regarded as of dignity, honor and importance equal with any other work.

I believe that the old methods not only brought reproach upon that work, but also that they failed of their object. I believe that it is as true today as it ever was that legislation, in the last analysis, expresses public opinion. The trouble is that there is no available public opinion upon many of the matters which press upon the legislature for solution, and, furthermore, that public opinion is so slow to form, in many instances, that before it has really come into being the legislative die has been cast.

That is why it seems to me that from the public point of view it is of inestimable importance to the general welfare that business organizations such as the National Chamber, such as the one that I have the honor to represent in Massachusetts, should keep in close touch with all legislation, and endeavor to bring before the public mind what the problems

are; help the legislative committee by every bit of statistical information, advice and argument, that can be presented; and then trust to an enlightened and interested public opinion to influence legislation in the right direction.

Nothing offends or antagonizes a politician who is holding office in a legislative body more than to get a perfect ream of telegrams and letters, all sent out on exactly the same form. To send them is a waste of money every time. What influences a man in public life is to have an individual whose opinion he values and whose character he respects, communicate with him personally and present the facts upon which an intelligent legislator is able to make up his own mind just as well as the rest of us who are on the outside.

To show that we in Massachusetts are trying to put our house in order, in regard to government expense, here are just a few figures which show the results—or some of them, at least—that we have obtained by the application of these business principles in government. We saw our state net direct debt grow from $20,000,000 to $34,000,000 in the five years immediately preceding America's entry into the World War—a debt which at that time was heavier per capita for Massachusetts than that of any other American state.

We therefore put into operation these principles of business as applied to legislation in 1917, 1918 and 1919, under the stimulus of the war. We reorganized our state government into an efficient organization that adopted an executive budget, and by statutory enactment in the adoption of rules, we put into operation this business program of legislation.

What has been the effect on our state debt? Debt and taxes are among the great factors that bear upon the cost of production of the products in any state. Instead of continuing to increase our debt at the rate of $2,500,000 to $3,000,000 a year, we have between 1917 and 1927 not only paid in full $20,000,000 soldiers' bonus; we have not only expanded at a far greater rate than ever before our state road and institutional system, without borrowing a dollar; but we have reduced our debt from $34,000,000 to $14,000,000.

During a period when the average state debts of the forty-eight states have increased by leaps and bounds, we have reduced our debt.

American business and American industry have no selfish purposes to serve, and legislation which is sound for American business and American business men, is sound, fair and reasonable for all the American people.

For Better Motor Cars

By ALFRED REEVES

General Manager, National Automobile Chamber of Commerce, New York City

THE basic work of automobile manufacturers has been to develop standardization and mass production to the end that costs would be lower, and then by general promotion and by fostering the efficient use of motor vehicles by owners to broaden the market for the product. A big part of this promotion work is now operating in other countries.

Instead of trying to take trade from one another, the policy has been to help make all motor cars better and to enlarge the market so that every manufacturer would have a bigger field for his product. Under such circumstances each manufacturer is rewarded according to the merit of his product and his enterprise in advertising and selling.

Our success in lowering costs is best evidenced by the fact that, with the cost-of-living dollar only 61 cents, motor cars give $1.07 in value for the 1914 or pre-war dollar.

An Industry United

THERE are certain activities in the National Automobile Chamber of Commerce which benefit all manufacturers. Almost every important builder of cars, trucks and buses, including one of Henry Ford's companies, holds a membership. The result is a unified presentation of the industry's activities.

This work includes our relations with railroads and steamship lines; instalment selling; legislation; highways; insurance; standardization; taxation; fuel and headlight research; and the work of men here and in countries overseas. These latter deliver addresses in proper languages with motion pictures to aid our friends abroad to profit by our experience in traffic regulation, accident prevention, taxation and highway construction, and to learn and to understand their problems. The work among the dealers includes accounting, selling methods and trade promotion to help them become better merchants.



Most of the work of the automobile industry accrues to the advantage of the final consumer and is very definitely resulting in higher ethics and more efficient work among the manufacturers themselves.

Probably the outstanding cooperative movement is known as the "cross-licensing agreement," under which for twelve years each manufacturer has been permitted to use the patents of his competitors without the payment of money royalties. More than 700 patents are listed. Each manufacturer turns in what he himself discovers and receives in return licenses under the patents of 80 or more other makers of motor cars. The buyer thus receives the best possible product that the manufacturing art permits, with competition a matter of manufacturing and selling.

There has not been a patent lawsuit among the members of the Automobile Chamber for more than 14 years.

In view of the general secrecy with which most industries surround their operations it is worth recording that our manufacturers exchange their production figures monthly. This eliminates the old-fashioned plan of having men in rival factories to obtain information.

The automobile industry has made mistakes, but tries to avoid making the same mistake twice. It made some mistakes in advertising, but now has developed a code of ethics in this important part of the business which has been highly satisfactory. The advertising managers themselves formally approved the code, which provides that a manufacturer shall not use the name of a competitor's car without his permission; that the industry is opposed to the advertising of runs over the highways which involve speed violation; and that "fear" advertising is harmful and highly discreditable.

The same ethics are carried through to 52,000 dealers who distribute our products in the United States and in the 106 other countries throughout the world.

which last year bought more than 650,000 American-made motor vehicles.

In this work for reducing costs there have been developed through the Society of Automotive Engineers more than 122 standards, including the recent action that will reduce the number of balloon tire sizes.

Our manufacturers joined in the national rubber reserve for the good of all, because they recognized a danger in artificial restriction of the supply of any commodity. This was not so much a matter of price as of opposition to subjecting an important product like rubber to the manipulation of speculators.

The record-breaking automobile shows continue to be of great interest, with all our manufacturers provided with space irrespective of the value of their product.

If we sold to other countries, it was agreed we ought to be willing to buy from them. At our request, the tariff was cut almost in half and as a result we have a much finer understanding with the European manufacturers, with whom last year we entered into an arrangement for world-wide promotion of motor vehicle use.

Europe Asked to Sit In

WE NOW plan to invite the European manufacturers to participate in our national shows.

All motor plants are open for inspection because the industry has proved to its own satisfaction that a manufacturer who closes his door to visitors and competitors shuts out more than he shuts in.

Engineers from European plants are invited to visit American factories. One manufacturer proved his hospitality by not alone inviting some German manufacturers to go through the plant, but provided them with pads and pencils so they might make sketches of machinery.

With 23,000,000 motor vehicles running in this country and no sign of lessening demand, the industry is faced with many problems in which our biggest men are taking an active part. While 55 per cent of the cars registered are in towns of 10,000 or less, congested traffic in the bigger cities must receive careful study.

Last year the motorists of the country paid $760,000,000 in taxes, of which $258,838,813 was for gasoline taxes, with $301,061,132 for registration fees and drivers' licenses. The motor industry is favorable to reasonable taxation wher the funds are used for highway purposes.

Facing the New Competition

By O. H. CHENEY

Vice-President, American Exchange Irving Trust Company, New York

THE basis of American prosperity is high efficiency, high buying power and high standard of living. The prosperity of the manufacturer and merchant depends on the prosperity of the wage-earner and the prosperity of the wage-earner depends on that of the manufacturer and merchant. The wheels of American prosperity keep on going at a good speed as long as there is nothing seriously affecting efficiency, buying power or standard of living.

The new competition touches, or rather crashes into, our economic life at every one of these points. If the new competition has been as disturbing as that, how is it that our prosperity has soared to the highest levels in history at the very time when the new competition has been becoming fiercer and more complicated every day? The answer is that the new competition has become an overwhelming influence toward higher efficiency, higher buying power and higher standards of living. In fact, it is probably the most important favorable influence on these factors today.

But American business is living in a fool's paradise if it doesn't realize that the new competition may also be the most important unfavorable influence on these factors—that just as the new competition, to a vital degree, has given us our prosperity, so also may it take it away. And when I speak of the new competition I include also the old competition, because they become almost indistinguishable in their inter-action and in the way they intensify each other.

The greatest danger which American prosperity faces today is that the new competition will get out of hand—will



take on warped and destructive economic forms—will become an economic poison instead of an economic stimulant. The new competition can not only raise the efficiency of production and distribution but also depress it; not only increase buying power, but also decrease it; not only advance the standard of living but also retard it.

It is not easy for us to understand this, because our minds are too much under the black and white habit of thought. It is so much easier for us to think of something as either all black or all white—either all good or all bad. But the new competition, like almost all other economic influences, is composed of tendencies both good and bad. Instalment selling, for instance, is neither what its "pointers with pride" nor what its "viewers with alarm" think about it. Hand-to-mouth buying is neither what the manufacturers nor what the retailers say about it.

Forgetting for a moment individual industries and the fortunes of war, the economics of the nation will depend on how well we can distinguish between the good and the bad in the new competition. And it isn't even as easy as that, because the same trend or development or competitive device may be good up to a certain point and dangerously unsound when carried beyond that point.

Thus our big problem is not really in keeping up with the new competition but in deciding which elements of the new competition we should keep up with and which elements we should vigorously try to hold back. And here is where our economic machinery grows so complex as to be almost beyond the imagination and certainly beyond the ordinary control of the men who are making it. Who can decide how far is good? How can we decide? What can we do about it when we do decide?

When the new competition, in its various phases, really hit the cotton industry, consumer demand decreased, cotton spindles stopped working, hands were laid off. The New England mill towns had to tighten their community belt, as it were, and wait patiently for better times. The cotton growing districts of the South also suffered from the slackening demand. And for a while, North and South kept themselves busy arguing about their relative merits for cotton manufacturing. Recently both North and South have realized that they are both vitally dependent on the same industry and that it

would be better for both to work together than to argue. If cotton is to remain king, there must be no civil war in his dominions.

The question of North against South in the cotton industry is, of course, far from settled by any such simple devices of the new cooperation as an institute. There are such further questions as the logical place for cotton trading; and if it weren't that, it would be something else. Not a day passes but brings out some example of inter-sectional competition, whether it be about climate or about wage-rates.

Intersectional Competition

BUT there will always be intersectional competition so long as the freight rate "system" of the country, both railroad and shipping, is more like a crazy-quilt than a balanced structure. Freight rates are a vital element in the costs of both production and distribution, and not only businesses but whole sections of the country depend on such advantages for their prosperity. Naturally they must fight, and the fighting must grow more intense, and there must be victories and defeats.

But is a system based on such victories and defeats economically sound? And just what economic principles can be applied to a decision as to whether one part of the country is to benefit over another?

And when a large proporiton of the cotton industry migrated southward to take advantage particularly of lower labor costs, what was happening to labor? Whether a plant stayed North and reduced wages or came South to work longer hours, labor was clearly being asked to give the industry economic support in the battle of the new competition. This might be considered teamwork, but a large proportion of cotton-mill workers couldn't see it that way. They felt that if the management of the cotton-manufacturing industry could not give the industry better generalship, then they should not be asked to suffer all the penalties of defeat.

Labor, too, is becoming aware of the new competition. In many ways labor was aware of the new competition long before management. The labor history of many industries is one long series of jurisdictional disputes arising from new competition developments. But now labor appears to be realizing that it must contribute in some way to its industry in the warfare of the new competition,—that if the workers do not, then they may find that the jobs for which they have trained themselves for years, to which they have given their lives, may disappear altogether.

A few years ago the woodcarving craftsmen joined together to advertise their industry. Only the other day, the unions in the women's wear field worked out a plan for shifting labor from the cloak and suit industry to the prosperous dress industry, that the former might not continue to have an undue labor burden. And within the next few years, it is to be hoped, each labor union will take stock of itself and its practices—will give up those artificial regulations which handcuff its industry and instead, fight for it in the new competition.

It is also to be hoped that management will realize that if the new competition demands lower production costs, that does not mean that the new competition may be allowed to cut wages. If that trend begins to manifest itself in a great industry, a considerable proportion of our essential buying power will be reduced and must inevitably begin to drag down other industries.

And what applies to labor, applies equally to the farmer. Agriculture has complained with justice of the unequal balance between it and the other industries. The agricultural situation is an excellent example of what our real economic problems are—of how difficult the problem of competitive balance really is.

> **"THE greatest danger which American prosperity faces today is that the new competition will get out of hand. The new competition can not only raise efficiency but also depress it; not only advance the living standard but also retard it"**

We have tried for years to leave this balance to adjust itself. Has it adjusted itself? Is the solution in government subsidies? Is the solution in the government helping the farmer to help himself? Will a more efficient agricultural industry be more prosperous or will it have to give up its earnings under the pressure of other industries? And if the cotton growers get a form of subsidy, and the cotton goods manufacturers get a favorable tariff, what may the clothing manufacturers expect? And if the idea of letting industries balance themselves hasn't worked out in agriculture, is there any reason to expect that they will work out with economic soundness in other cases?

"Business is spotty!"—How often in the last year or two have we noticed this phrase in the economic reviews. The leopard may change his spots but they are still spots. So with business. The spot may be a black condition in one industry one year and in another the next year, but there seem always to be spots. We have come to consider this fact with an economic fatalism which has become indifference. But must the prosperity of some industries be paid for by the misery of others? Must the textile worker, the miner and the farmer pay for the prosperity of the bricklayer, the automobile machinist and the printer? Or can we some day learn to achieve balanced prosperity?

Industrial Cooperation

WE HAVE already made tremendous progress in the new cooperation. From local and specialized trade associations we have developed conferences among different industries in the same field and among the factors in each industry, and from these have developed institutes for the great industries like food or cooperative educational work like "own-your-own-home" campaigns. But there are still too many spite fences in American business. The time has come to destroy them. We must learn more of the relations among the industries and how they may be guided into cooperation and mutual understanding.

The logical agency for this next step is the Chamber of Commerce of the United States—and to this Chamber I respectfully commend the study of those vital problems of the economic relations among industries to the end that we may learn how to make their interdependence a basis for prosperity for all.

And how about the consumer? What benefits has the consumer gained from the new competition? What dangers must be forestalled? The competition between alternative commodities tends to force those industries producing higher priced goods to use every means to lower costs. In distribution, also, the methods which are burdened with high costs are either forced out of business or else forced to greater efficiency and economy, as in the struggle between chain stores and independents.

Thus the new competition benefits the consumer, but, here again, the new competition has its menaces. When the rayon industry first began, its product was sold as artificial silk and frequently the word "artificial" was kept a secret. Before the product was properly developed, many inferior yarns were sold. As a result, the rayon industry, now producing a major textile in its own right, has had in the last few years to devote considerable effort and money to living down the reputation it made for itself in those early days. Did the consumer benefit from that new competition? When the fur industry a few seasons ago decided on mass selling by invading those markets which had hitherto been held by cloth coats, the competition inevitably became one of price between the two materials and some fur garment producers had to sacrifice quality.

And how has capital benefited from the new competition? That question is more difficult to answer. Certainly in the new competition and its intensification of the old competition is one of the major causes of what has come to be called "profitless prosperity." The new competition has necessitated increased plant and development expenditures, increased distribution costs in many cases in order to maintain volume—and has resulted in lower profit margins.

Whatever the business man, the farmer, the worker and the consumer must do to achieve the benefits of the new competition and avoid the dangers, they must do only on economic principles. The problems of the new competition are not polit-

(Continued on page 65)

Dealing with Trade Disputes

By CHRISTIE BENET

General Counsel, Interstate Cottonseed Crushers Association

THE INDUSTRY I represent has just gone through, under Congressional order, an investigation by the Federal Trade Commission. The report of the Federal Trade Commission not alone gave a complete and clean bill of health, but made most constructive and helpful suggestions. That industry is organized as the Interstate Cotton Crushers Association.

What is a crusher? A crusher is an operator of a mill that buys cottonseed and makes it into products which are used in other manufactures.

Cottonseed meal cannot be bought by itself, nor can cottonseed oil or linters, or hulls. For every bale of cotton that is sold there is a relative amount of cottonseed, and each one of those cottonseeds has in it oil, which is the principal value; meal, which is next in value; the hull, which incloses those two products; and the linters, which are the little remnants of staple cotton left on the outside of the cottonseed when the cotton is ginned off to go into cloth.

That immediately makes a very interesting situation from the point of view of a manufacturer, because he cannot buy any one of the four materials I have mentioned by itself until some other manufacturer, called a crusher, has bought all four and separated them.

The oil is the most valuable; the meal is next in value. Both of those products gained their value from their chemical makeup, and that varies with heat, climate, soil, fertilization, care in keeping and many other factors. Cottonseed is a perishable commodity. Our industry has to buy the entire crop of the south in about ten or twelve weeks, which puts a tremendous task upon the industry.

Valuable Industry from Waste

IN 1926-27 the amount of cottonseed raised in the South amounted, in value, to $160,000,000, in round figures. The value of products manufactured therefrom would run from $240,000,000 to $300,000,000; and that has all come from a product which, in my life-time has been built up by an industry from a waste product which was poured into the streams, or burned up as absolutely worthless.

I am giving you these facts because I want to talk about forestalling and preventing and adjusting trade disputes. Last year in our industry there were actually sold 31,465 tank cars of oil, each tank car amounting to about $6,000 in value. Every one of those tank cars had to be sold on a basis of chemical analysis. The whole basis of trading for oil is set up in these rules which have been worked out in the last 35 years by the industry, and principally by the Interstate Association.



It is difficult to set up trading rules in any industry. It is very difficult to set up trading rules when those rules have to be based upon the action of chemists, or in many instances, of people who are not directly in the industry, because many of the units in the industry are not big enough to employ the full time of a competent chemist.

To meet that situation, we have set up these trading rules. We have referee chemists and weighers located in various places throughout the country, and when Mill A wishes to sell a car of oil to Refinery B he makes the transaction on these terms.

He sells his product on the basis of prime oil. He loads his tank and ships it. He attaches his bill of lading to his draft and draws for the full amount based upon prime oil. Before that tank car leaves his plant, he draws a sample which he sends to his chemist; or if he has a plant chemist, he has a sample analyzed. When that tank car reaches the refinery, in order to prevent change in the chemical set-up or the oil, to release the tank car for further shipments, and to give Mill A its money to continue its operation—for many mills are small units—it is necessary to unload that oil promptly.

The refiner unloads the oil. He has his chemist analyze it. He then wires to Mill A and says: "My chemist says your oil is 20 points off, or 20 points on prime." If that is a sufficiently close check with the analysis of Mill A chemist, Mill A wires back, and the transaction is closed. If not he wires: "Draw official sample."

Three samples are drawn by an official inspector. One goes to the refiner, one to the mill that ships it, and the third to the referee chemist who is chosen by and whose authority comes from the association.

That chemist then files a report, and the adjustment and remittance is made on the mean of the two closest analyses of the three chemists—a very accurate, prompt, and satisfactory way of doing business.

No Time for Litigation

WE found we could not go to courts to settle our business. We do not have time; and, with all due respect to the profession to which I belong, we don't have time to educate the lawyers and the judges about our business. It takes too long, and the oil would rot long before we had really started on the process.

So we have developed this system; and last year this system handled not only 31,000 tanks of oil, but also our meal, some of our linters. Out of between ten and twenty thousand contracts, we had one case that went to courts; and we have one case that threatens to go to court now.

In the first case the Supreme Court of Arkansas sustained our trading rules in every point; and in the second case which one of our members is thinking of taking to court against another member who would not comply with the award, we are confident that, if the case does go to court, the action of our committee will be sustained.

If traders do not settle, what do we do? The person who thinks he is injured has the right to take his case to an arbitration committee.

Arbitration committees are set up in various cities of the country. They sit as courts. They dispose of a technical case in two hours where it would take a court two weeks. They then have an appeal committee. So the people's rights are protected.

If we in our industry can set up a set of arbitration rules, if we in our industry can set up a set of trading rules by which we can deal in a valuable commodity which we buy from tens of thousands of buyers, and hundreds of thousands of farmers scattered over sixteen states, and which we sell all over America, others can do it in their industry.

Here are some of the things we make out of our product. We make high ex-

plosives and we make silk stockings. Whether they are kin to each other you can decide for yourself.

We make calf feed, cattle feed, horse feed, photographic film and varnishes, and collodions, stuff like duco, artificial leather, packing of all kinds.

We make emulsions for medical purposes, and we make human food, animal feed, chicken feed.

Confidence and Integrity

WE make or furnish material for more than 140 products which are used by other industries. Our whole business is based entirely upon the confidence in these trading rules and in the integrity of the men who enforce them.

We have been through the fire; we have been investigated by the Federal Trade Commission—and it is not a pleasant thing to have happen, to have an investigator come in and read all your papers and ask you a great many questions and look worse than a sphinx when it comes to expressing how he feels; but I want to testify that the Federal Trade Commission treated us fairly. They made a constructive report and they are now cooperating with us fully.

In the purchase of cottonseed there are no grades. The Department of Agriculture is helping us set up grades for cottonseed.

The Department of Agriculture has helped us set up grades for linters, and actually the linter business is following those grades.

The Department of Commerce is cooperating with us, and the Department of Justice is cooperating with us fully on a code that we set up.

If we in our industry, which takes in many many small mills scattered through the West and Southwest, can make a set of rules that have worked satisfactorily over a period of 30 years, that stand the test of time and apply to a valuable commodity, when we are more or less the football of politics, because we deal with the farmer who is, or thinks he is, not being treated fairly by American business today—then I say to you that you can do it, no matter what your problems or what your interests are.

Principles for Trade Rules

IF YOU do set up your trading rules, you have got to follow these absolutely necessary, sane principles: Know your facts; make your rules clear and simple; use experts, particularly the government experts, to help you set them up; trust your competitors, but, having trusted them, if they do not live up to the rules, give them short shrift ever after.

A Friend of Honest Business

By W. E. HUMPHREY

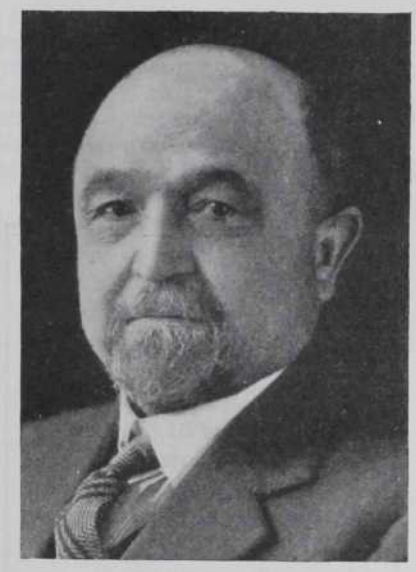
Chairman, Federal Trade Commission

PRIOR to the Federal Trade Commission statute, the only anti-trust act was the Sherman law. The full meaning of that act no one knew then and no one knows today. As to its meaning, lawyers differed, judges disagreed, and courts were in conflict. It frequently happened after they had received the best legal advice and made every effort to know what the law was, business concerns were prosecuted and punished, or imprisoned, or both, by a decision rendered by a divided court.

The injustice of this law, the harshness and wrong of punishment administered under such circumstances, appealed to the public conscience. The effect of this law upon the business of the country was so destructive and disastrous, that public opinion demanded a remedy for a condition that was intolerable. The result was the creation of the Federal Trade Commission.

The primal purpose of the Federal Trade Commission is to determine, before prosecution or punishment, the unfairness of any practice, and to issue an order to cease and desist from such practice.

I want to emphasize the fact that the Federal Trade Commission has no power to punish. It was never intended by the Congress that it should have such power. Punishment is left entirely to the courts. The courts cannot punish until they enter their own decree and then punish for violation of that decree, and not for any violation of the Federal Trade Commission Act. In other words, the Federal Trade Commission can only give warning to the violator, and if he then stops his unlawful practice, he cannot be punished for what he has already done, by either the Commission or the court.



Under the former practice, when a complaint was received, the Commission directed an investigation. Sometimes such an investigation was complete. Usually it was superficial—and always it was *ex parte*. Upon such a report, if they believed the facts warranted, the Commission issued its complaint. Simultaneously with the issuance of a complaint, it gave to the public a statement as to the facts.

Coming with official sanction, such statement was generally accepted by the public as a finding that the facts alleged were true. These statements were often given wide publicity—especially if the allegations were sensational or the parties accused were prominent, or where the political effect might be great.

Official Blackmailing

IT frequently happened that the accused knew nothing whatever of the matter until he was advertised in the press of the country—sometimes in screaming headlines, on front pages, as a violator of his country's law. By its own admission, made by its own record, the accusations in more than one-half these cases were afterwards found to be untrue, and the Commission voluntarily dismissed the complaint; and in one-half of the cases in which the Commission thought they were right, and which were passed upon by the court, the court found that the Commission was wrong.

But the dismissal of these actions was sometimes delayed for months, and even years, and when the dismissal finally came, it attracted little attention; it was not news.

By this procedure, the citizen was often unjustly accused, his credit injured, business destroyed, reputation blackened, investments wiped out. Men and women were forced into unwilling idleness, the public mind was unjustly poisoned. For all these monstrous wrongs there was no redress.

No other governmental agency ever had a practice so tyrannical and so repugnant to every sense of justice. It is not strange that business then looked upon the Federal Trade Commission with apprehension and resentment. It is not strange that the Chamber of Commerce

of the United States gave public expression to this feeling.

That the courts "will not correctly interpret the law" is no longer given as an excuse for not dismissing a case, and for continuing to expound its lawfulness until it is stale and enfeebled with age.

We are trying today to exercise the authority given us by Congress as interpreted by the courts.

As the law is, we accept it. What it should be, we leave to Congress.

The Commission today is neither legislating, nor reforming.

Today we do not devote our chief energies to socialistic literary efforts to impress the public that fraudulent practices in business are almost universal. We suppress the practices and let the result furnish the publicity.

We transact business today through the powers of the Commission and not through the columns of the newspapers.

We no longer accept mere accusation as "confirmation strong as proofs of holy writ."

No Condemning Before Trial

WHATEVER changes political fortune may in the future bring in the personnel of the Commission, the system of condemning before trial, of finding guilty without evidence, will never again be used by the Federal Trade Commission.

Today, when an application for complaint is made, we send out our investigators. If their report shows a *prima facie* case, we give the accused an opportunity to be heard before we issue a complaint, and accuse him and advertise him as guilty of violating the law. We have heard the accusations against him—usually from his competitor. Why should we not give him an opportunity to be heard before proceeding further—if he so desires.

After we have given him a hearing, if we are satisfied that there is no foundation for the accusations, the case is dismissed. If we are satisfied that he has been guilty of some unfair practice—if he so desires, we give him an opportunity to settle the case by agreement and stipulation; and if he is willing to sign a statement that he will forever cease and desist from such practices, and that if he fails to keep such agreement the written stipulation made by him may be used against him, we accept such stipulation and dismiss the case.

By such stipulation, we accomplish much more than we could possibly accomplish by extended litigation. Remember, the Commission has no power to punish—we can only order the respondent to cease and desist from unfair practices. If he does this voluntarily, how can any citizen object to the procedure?

> **"THE primal duty of the Federal Trade Commission is to protect the public from unfair and crooked trade practices. It is the duty of the Commission to protect honest business. It is the duty of the Commission to restrain and destroy dishonest business."**

The only exception to this rule of stipulation is in a case in which the business or the record of the accused is such that the Commission has reason to believe that such stipulation would not be entered into in good faith and honestly kept, and that such stipulation would only cause delay. Under such circumstances, the Commission feels justified in proceeding at once.

It is absolutely dishonest to claim that there is a clear and distinct line between what is and what is not unlawful under the anti-trust acts. Only within the last few months four cases of very great importance have been decided by the Supreme Court of the United States in which the justices were divided four to five upon the proposition as to whether certain facts constituted a violation of the anti-trust laws. Indeed, it rarely happens that the decisions of this court are unanimous in an anti-trust case. If this great court cannot always agree upon what facts constitute a violation of the anti-trust laws, how can any sane and honest man say that a business man must always know with certainty when he is violating the anti-trust laws.

I trust that no one will think that I believe there is no dishonest business in this country. For there is. While the percentage of business that is dishonest is far less than the agitator and the professional reformer would have us believe, in the aggregate it is far greater than it should be.

It is true that some of the anti-trust acts are violated unintentionally, but there is less reason for such violations now than a few years ago. Recent decisions, particularly by the Supreme Court, have done much to make plain the lawful path. Most anti-trust law violations today are premeditated and deliberate, and committed in the same spirit as are other crimes for financial gain.

Crooked business is not measured by size. It is true that so-called big business is under closer scrutiny by the Commission—and it should be—than small concerns, because of its greater capacity to affect the public interest. I am constrained to believe that the business of this country, and particularly big business, is more and more forced to the conclusion that honesty is not only the best policy, but that it pays the highest dividends. I feel that there has been a tremendous improvement in the conduct of the business of the country during the last few years, but the time has not come, and I regret to say that it seems far off, when the strong arm of the Government will not be needed to protect the public from greed, monopoly, fraud, and unfair practices.

The trade practice conference has been developed and its use is constantly increasing. The representatives of an industry are invited to a conference, called by the Commission and presided over by a member of that board. This conference is an invitation and an opportunity for the industry to clean its own house, to adopt its own rules of ethics and trade, to achieve decency rather than have decency thrust upon it.

Those rules that it believes abolish unlawful practices, the Commission approves, and will thereafter attempt to enforce. To rules of ethics and on economic questions the Commission frequently gives the weight of its unofficial endorsement. Beyond this the Commission cannot go.

The benefit of these conferences to the public and to the business of the country has been far beyond the most optimistic hopes of the Commission. I know of no other Government procedure that has done so much to encourage and protect honest business and to protect the public by the elimination of fraudulent and unfair practices.

Investigations as Directed

SOME of the criticism of the Commission has been in connection with investigations. As to investigations by other bodies than the Commission, I am not now concerned. Investigations that are made upon alleged violations of law to uncover crookedness, I am not criticizing. Some of these investigations have no doubt been of great benefit to the public and some have done great public harm.

When the Federal Trade Commission is directed to make an investigation by the President or either House of Congress, if we have the authority of law to make it, I think we should make it fully, honestly and impartially, without fear and without prejudice; and that our findings should not be controlled to any extent by what the political effect may be.

As to the investigations initiated by the Commission itself, the responsibility rests entirely upon the Commission. It must decide both as to its legal rights and as to the policy or the effect upon the public of such investigations.

The primal duty of the Commission is to protect the public from unfair and crooked practices. It is the duty of the Commission to protect honest business. It is the duty of the Commission to restrain and destroy dishonest business. These purposes should never be forgotten.

It is the duty of the Government not to place on honest business any unjust burden. It is one of the highest duties of the Government to protect honest business from unauthorized investigating, meddling and snooping of its own agents.

One of the highest and most sacred rights of every honest business is the right to be let alone. It is as much the duty of the Federal Trade Commission to protect the citizen in his constitutional right to privacy as it is to prosecute him for his unlawful acts. I believe it is wrong and utterly unjustifiable on the part of the Federal Trade Commission to put any

American citizen who is not accused of violating the law, to the annoyance, the expense, the discredit, the injury and the injustice of an investigation.

Three years ago, I promised that in so far as I could prevent it, the Commission should not be used to advance the personal or political fortunes of any man or party. I further promised that in so far as I could prevent it, the Commission should not be used as a publicity bureau to spread socialistic propaganda throughout this country. Those promises have been kept and I renew them again today.

Three years ago I said I believe that the majority of the men and women conducting the vast business of this nation are honest and trying to obey the law. That faith abides with me today—strengthened by three years of experience.

Since I have been a member of the Commission more than 90 per cent of all those accused, when told that they were accused of being guilty of unfair practices, immediately, and in good faith, of their own volition, abandoned such practices. What higher compliment can be paid to American business?

I do not believe that success is a crime.

I do not believe that the pocketbook measures honesty.

I do not believe that either poverty or riches is inherently wrong.

I do not believe that either poverty or riches is a virtue.

I do not believe that failure should be glorified.

I believe that the greatest incentive to human endeavor is the certainty that everyone will receive the reward of his honest effort of either hand or brain. I believe that this is the consummation, the "far off divine event to which the whole creation moves."

Administering the Chamber

By F. ROGER MILLER

President, National Association of Commercial Organization Secretaries, Asheville, N. C.

HISTORIANS have recorded that the chamber of commerce is the oldest business organization in America, and the one most intimately identified with the growth of the Republic.

Since the organization of the first chamber of commerce in America in 1768, many similar agencies have been formed, have flourished for a time, and then have passed out of existence. A great multitude of organizations have attempted to serve the purposes of the chamber of commerce, but the original is the only one that has survived the ravages of time and the vicissitudes of changing conditions.

Chambers Have Flourished

THE chamber of commerce has flourished on criticism and competition. The organization has grown into an institution in spite of rapid change and constant readjustment. It has engaged in actual conflict with the forces of disorder and destruction. From every struggle, it has emerged a stronger and more effective agency of civic and commercial development.

It has been kicked about by ignorant and indifferent, broken into fragments and reassembled, used and abused with equal enthusiasm, but it has never been supplanted by a competitor.

What important changes have occurred during the experiences of men now serving as chamber of commerce executives? Here are the answers, given in accordance with the emphasis placed upon them by 130 secretaries.

The adoption of budget systems and sound methods of financing is recorded as the greatest and most significant change. Fact finding surveys and the formulation of definite programs are rapidly replacing the haphazard methods of organizations that were formerly influenced by the whims of personal or group opinion. Efficiency of operation and administration has accomplished much in the elimination of wastes in time, labor and money. The employment of trained executives and staff specialists has received general recognition as an essential to permanent growth and prosperity. Nowhere is the contrast more striking than in the changing attitude of business men toward the adoption of business principles in the conduct of business organizations. Fundamentals are as old as the ages, but the application is new.



In twenty-five years the chamber of commerce has left the field of clubs and associations and has become established as a business institution. In the old field of operations, competition has multiplied and continues to multiply. In the new field, the chamber of commerce stands upon the bedrock of public necessity and fears no competition from any source.

In the organizations of yesterday, the discussion of things political was forbidden. Today the chambers of commerce that fail to recognize their responsibilities in promoting the progress and efficiency of public administration constitute the declining minority in the roster of American organizations.

Community leaders everywhere have learned that the ancient image of Politics was simply a scarecrow erected by politicians to discourage investigation or interference.

Chambers of commerce are devoting less attention to social welfare activities and to other specialized endeavors which belong to smaller groups. The modern organization is concerned with the permanent improvement of living and working conditions and with the reduction of the dependent population. The accumulation of savings accounts, the extension of home-ownership, the encouragement of small investments, and the proper use of insurance are live topics today in every business organization. Extensive public health campaigns, city planning and zoning, and encouragement of the arts and sciences, have replaced numerous activities of less importance.

The booster clubs of the early days were agencies of promotion. The boosters were interested in boosting and not at all concerned with the ultimate results. A new creamery would bring a new industry and another payroll to the community. The fact that the community could not support two creameries received little consideration. The dry goods stores appeared to be prosperous, therefore more dry goods stores were invited. The grocery jobber discovered that retail customers were patronizing other jobbers. He promoted the establishment of new retail stores, and received the praise and support of the boosters.

And so the practice ran to its inevitable conclusion. The modern organization is more interested in preventing than promoting further complications in the distribution problem. From the

earliest days the chamber of commerce has suffered recurring attacks of industrial hysteria. The disease is epidemic in large sections of the country today. Real estate promoters, small merchants, and private speculators are beating the tomtoms. They threaten death and destruction to the organization that fails to produce factories, more factories and more factories. It is an old story and one familiar to every individual who has been identified with the development of American communities.

The chamber of commerce executive knows that there are three ways of promoting sound industrial development: (1) by using only local capital and management, (2) by entering into partnership with an outside concern seeking a better location and additional capital, (3) by demonstrating certain definite advantages to an outside concern seeking a new location, or a location for a branch plant.

Ten years ago factories were sold at public auction and the bidders included more than 600 chambers of commerce. Today the auctions are not quite so successful, for only 364 organizations have continued the practice of buying industries.

An executive in the Middle West reports an alarming trend toward decentralization in community activities. Former departments of the chamber have been displaced by separate organizations. New agencies are organized for every new project proposed.

The significant fact to consider is that decentralization is invariably followed by the reorganization and re-establishment of the chamber of commerce as the central institution serving the entire business community.

National Advertising Important

MANY secretaries of the South and Middle West deplore the expenditures of large sums for national advertising and for industrial promotion. These criticisms do not come from organizations engaged in national advertising. Unquestionably, large sums of money have been wasted in national advertising. Advertising is just as essential in community development as in business promotion, but it should be done intelligently or not at all.

In the opinion of organization executives throughout the United States, the financial problem is the difficulty which is causing the greatest anxiety. Revenues are not keeping pace with demands for service. Numerous experimental methods have been introduced, but the most successful plan is the one which guarantees a definite operating budget for a term of years.

Chambers of commerce everywhere are revising their aims and objects and are readjusting their relations with other organizations. The organization is becoming more the voice of business and less the servant of enthusiasts. Greater efforts are being made to promote the interests of membership groups and to secure accurate expressions of membership sentiment on public questions.

The wild clamor for bigger cities has subsided and only faint echoes are heard in the far distance. The demand for better communities, regardless of size, is growing steadily. To have the largest city in any given area means nothing if great numbers of the citizens are present or prospective dependents. Constant striving for population may secure a fine showing in the census reports, but it is frequently accompanied by corresponding reductions in the standards of living.

If business men really want to increase the efficiency of their organizations, they will give greater attention to the employment of trained executives and to the conditions under which the organizations are attempting to function.

The trained executive is not a miracle worker, but he is usually honest, dependable and productive. All that he asks is a reasonable measure of cooperation, fair consideration, and compensation in keeping with the service he performs. In return he is willing to give his talent, energy and professional equipment.

The Community and the Retailer

By FRED VOILAND

Voiland Clothing Co., Topeka, Kansas

THE Constitution of the United States was built around the country business man. In Alexandria, Virginia, Washington and his business associates met to do away with the tariff between states. It was the genesis of the Constitution.

The country town in America is the backbone and life of America. The abolition of slavery came out of the country town. Prohibition came, the Eighteenth Amendment came out of the country towns of the United States. The country town, the local community, is the one place where fundamental changes take place and where men have the intestinal fortitude to back them up.

I make no brief for the country town in contradistinction to the city. The same rules apply to both. But I want to accentuate the importance of the country town in the commercial life of America.

Three great retail revolutions have taken place in 50 years. The peddler who went about selling locally from his pack or his wagon was the first competitor that the retail merchant had; and following in the wake of the peddler came the commercial traveler, who brought to the country town the city service, and delivered his goods.

The peddler has long since passed, and in his place today the jobber and his retailer are selling to the retail merchant.

Then came the mail order house, and the mail order house then threatened to do away with the retail merchant. But after more than 20 years of experience, the mail order houses have not abandoned the mail business, but have become, themselves, retailers.

Retailer Still Leads

THE retailer has absorbed the mail order house. In these three periods that have taken place in 50 years, three revolutions, three great changes, the retailer stands today as an important part of the community, just as he did more than 100 years ago; but he faces now five distinct problems.

His first problem is the back door peddler. Another is the mail order house. A third is the chain store. The fourth is the department store, and the last and greatest, his greatest hope and his greatest competitor today, is luxury.

The chain store is the result of faulty distribution. The chain competes today mostly in price.

If any retailer is unable to cope with conditions as they are and to meet competition, if he is unable in his community to meet that competition fairly, the law of average will wipe him out.

I am free to believe that we do not care to go about with our wearing apparel all standardized, and have all that we eat super-produced food.

The chain stores have taught retailers to organize into trade associations. Chain stores have taught the retailer to organize in groups in order that he may compete. They have taught him to budget his purchases, to finance his business.

The cities have begun to decentralize. State Street is no longer State Street. The traffic is prohibitive in the great cities. It is one and the same thing for the country town today, and if any man has today in his mind anything in the way of bright prospects for the retailer, let him take heart on it. I know that we are appealed to by stories of bigness; I know that there is nothing else that is so interesting as stories of bigness; but the small merchant helps the manufacturers thrive.

Healing Distribution's Sore Spots

By WILLIAM BOYD CRAIG

CHAIN stores and local chambers are at least on the way to settle their differences, as a result of the spirited group meeting of the Domestic Distribution Department.

Points of difference between the two factions were presented, but without any immediate conclusion. Alvin E. Dodd, until recently manager of the department, moved that a study be made by the National Chamber which would consider every aspect of the subject as viewed by all of those interested.



Lewis H. Bronson

Fundamentals such as profits and public relations held the center of the stage.

Lewis H. Bronson, President, Bronson and Townsend, New Haven, Conn., opened the meeting with an address, "Evaluation of Territory and Customers." In it, he discussed the retrenchment through simplification which his firm made and its results. Five years ago his company, which deals in hardware at wholesale, decided to cut down materially the number of manufacturers from whom it bought, after what amounted to laboratory tests showed the great bulk came from relatively few sources. After carrying the study further, the varieties of merchandise handled were diminished by about one-third. Further tests showed that the expense of servicing a small customer at a great distance from the home office was greater than the profit, so the territory was arbitrarily reduced by nearly a third. To complete the cutting process, half of the former customers were dropped, as their accounts were too small to warrant handling.

Speaking of the unprofitable account, Mr. Bronson said:

"Based on our investigation, it was obvious that the profitableness would be affected largely by the size of the orders which made up an account.

"Our conclusion was that an account must be made up of at least one $25 order per month, or two $20 orders per month, or three $15 orders per month.

"In other words an account of $300 per year might be profitable if the orders averaged $25 each. On the other hand, an account would have to be $540 for the year if the orders averaged only $15.

"We do not now nor have we ever had the slightest desire to penalize the small merchant. We have only one price and the small merchant gets the same price as the big merchant. But we came to the conclusion that the sale of hardware was becoming too spread out and that there were too many merchants who were eager to increase their sales by adding just a few items of hardware to their stocks.

"It was these merchants who were affected by the policy we at that time adopted. Obviously any legitimate hardware merchant could buy of us if he wished at least $600 worth of hardware in a year. But if his interest in us was only as a source of supply for an occasional item it did not seem to us that we were unreasonable in frankly telling him that his account was unprofitable.

I realize that no business has any excuse to continue unless, in addition to performing a useful service, it makes for itself a net profit. This is the ultimate test which I insist our business must subject itself to. The fact that for several years now and contrary to what I believe to be the general trend, our business has shown an increase each year in its operating profits is my answer to those who, obsessed with the term of *volumitis*, hesitate to give up anything in the way of volume even though the lack of profit is acknowledged."



Earl C. Sams

Discussion of Mr. Bronson's address was begun by E. M. West, business analyst of New York City. Mr. West said that only part of the first speaker's story had been told, because of his personal modesty. Mr. West said that the animation back of the decision to follow out a principle arrived at after study was more noteworthy than the actual success of the venture. Courage to enter unknown waters is rare, he said, yet has a value, as it makes possible compilation of evidence for future use.

He also pointed out that the recent Retail and Wholesale Census bares additional testimony on the unprofitableness of the accounts of many types of retailing. One conclusion to be reached from examination of this Census is that manufacturers and wholesalers are carrying too many thousands of retailers with their own operating funds which should be freed for other service. Another fundamental phase of distribution was considered by Earl C. Sams, president of the J. C. Penney Company, in a well-received address, "The Relation Between the Chain Store and the Community." In it, he said:

"The relation of the Chamber of Commerce to the contribution of the chain in the field of distribution may be found in the statement of the functions of the Chamber. It is designed to collect the facts, impartially, and present them to governmental bodies and to the public. It serves no particular quarter, no particular interest. It is a school, an institute for obtaining the facts of public concern. One of its most important departments is devoted to Domestic Distribution.

"The advantages and disadvantages economically and socially of the chain system are ripe for just that kind of study which the Domestic Distribution Department of the United States Chamber of Commerce is admirably equipped to make. This is especially true since many of the State Legislatures at their coming session will be asked to pass a law hostile to the chain store. It will be asked to pay a tax or license fee simply because it is a chain. An independent store next door doing exactly the same kind of business will be effectively exempted from such tax or license fee. The Congress of the United States has been asked and a resolution offered to investigate chains. These bodies and the bodies at large will be looking to the Chamber of Commerce for impartially prepared information.

"Possibly one of the first advantages of a chain institution, when it once reaches the proportions of a chain, is that it has in usable and practical form the past experience of many stores in many similar towns.

"The same character of approach is made by the local Chamber, which, by reason of its membership in the United States Chamber of Commerce, has access to the storehouse of information that has been tried and found useful or discarded in other Chambers similarly situated.

This method of procedure qualifies commerce secretaries and store managers for admission into the class of students of merchandising and community development.

"Recently a local Chamber of Com-

merce solicited one of our managers to contribute $500 to a fund to induce a manufacturing concern to move to this particular town. The usual hullabaloo had been created regarding the enormous returns that would come to the town from such an adventure. About two weeks later the local Chamber in the town where the factory was actually located solicited our store manager for $500 toward a fund to keep the factory from moving. We had three wasteful possibilities: waste of funds to induce the move, waste of funds to prevent the movement and—possibly—the most wasteful of all to the industry itself, could it be persuaded to locate by such cash inducements.

Locate Right First

"POSSIBLY there had been no very careful study to determine the most economical location for that plant in the first place. If there had been, the fund raising episode would never have been attempted. American business men have been wise enough, good sports enough, for the protection of their own special interests to set up voluntarily impartial Chambers, civic groups and institutes for the rounded out development of the community as a whole.

"I'm glad to say that in nine hundred out of a total of one thousand towns the men of the J. C. Penney Company actively support such Chambers and civic groups.

"What are some of the standards of the business community the chamber and the chain and the individual merchant may relate themselves to improve?

"In the older professions, certain standards of conduct became so acceptable as to become law. The banks in the community have become so institutionalized that they distribute regular dependable credits and render service for the safe keeping of deposits and investments. The newspaper has come to be looked upon as a distributor of reliable information. There is no reason why every community should not aspire to have an equally dependable group of merchants who distribute only honestly built merchandise at cost plus a reasonable service charge. There is every reason why they should turn against the old tricks of the trade in merchandising that have been long since abandoned in other business practice.

"Suppose some morning on your way to your store or office you should see pasted on the windows of your local banks and newspaper offices glaring representations regarding values of $3 now selling for $1.50; bargains to be had because of overstocking or closing out lease or moving or bankruptcy, 25 per cent discount in interest rates for this week only—three columns on the front page given with every page ad—or what not. These signs show distress and make sporadic and questionable appeals to induce patronage of the buying public. Just suppose your banks and newspapers, in order to secure patronage, made such appeals. If they followed the very common practice in merchandising, they would resort to just this character of advertising.

"This much can be said for the chains. They do not resort to such practice. Whenever any substantial element in a town resorts to such merchandising methods it is the concern not only of the local chamber of commerce but of all intelligent merchants and business men.

"Certainly, the forward-looking chain store manager and the forward-looking chamber of commerce must work together, because their fundamental interests are the same.

"They both stand or fall according to the degree of integrity with which they keep themselves organized to make available their work for the benefit of the community as a whole.

"So it is in merchandising. If the merchandising methods of a given town fail to keep pace with the newer movement, some merchandising organization is certain to make a place for itself in that community.

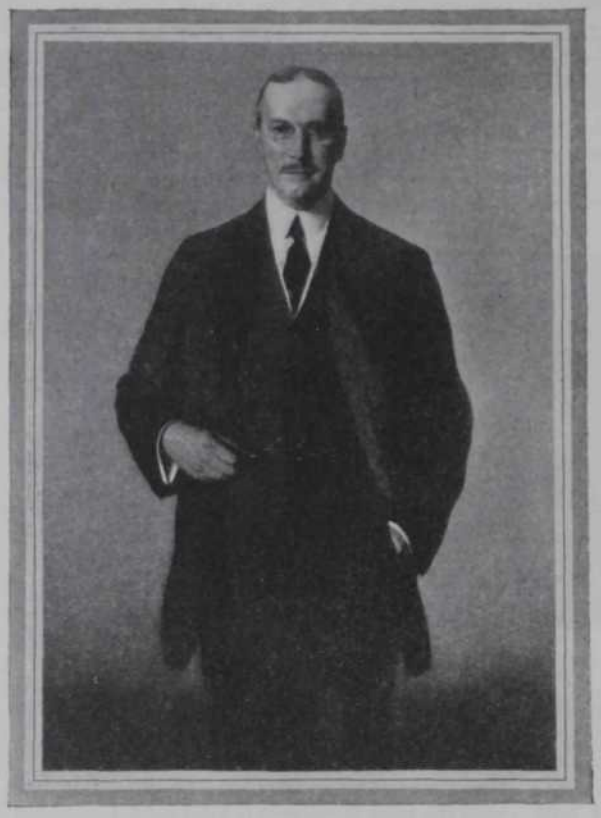
"The chain store system, in turn, will survive only to the extent that it continues to qualify itself.

"Only those chains who appreciate that the work of these men in the last generation toward upbuilding of the towns and communities must be assured and carried on, and even perfected, will survive or have any right to survive.

"No man, whether he be of the chain or of an independent organization, is so mean that he lives on the good name and prosperity of a community others have built and feels no sense of obligation to pick up and carry on where others have left off."

Discussion of Mr. Sams' address was started by Godfrey M. Lehbar, of New York City, editor of *Chain Store Age*. Mr. Lehbar criticized local chamber secretaries for their attitude toward the chain.

That attitude is in part ignorance, he said, as many chains are already active chamber workers.



THIS portrait of Harry A. Wheeler, first president of the National Chamber, which now hangs in its Board Room, was painted by Leopold Seyffert. The presentation address was made at the opening session of the sixteenth Annual Meeting by the Hon. J. F. Burke of Pittsburgh who characterized Mr. Wheeler "as lovable a man as ever presided over a body"

Not Free With Money

ROBERT R. ELLIS, president of the Hessig-Ellis Drug Company, Memphis, then rose to reply, saying that he knew from his own experience that it was difficult to get money from local units of chain stores when approached for chamber or community activity support.

Mr. Ellis then paid a graceful tribute to Mr. Dodd, and assured the latter of the goodwill of American business in his new activity with the National Wholesale Dry Goods Association.

A warm discussion of the rights and wrongs of the chains and the chamber then took place, until Mr. Bronson interrupted to remark that the meeting was being given over to a pointless argument, which could be better taken care of at another time.

Then the meeting, which again proved to be the largest of the group meetings, was adjourned.

A somewhat similar phase of Mr. Bronson's activities in cutting down volume to increase profits was presented in an interview published in NATION'S BUSINESS for January of this year.

Readers are given an opportunity of learning more of Mr. Sams and his work in chain store operation in the regular June issue, through his article, "Back of the Chain Store."

Profit in Foreign Commerce

By JAMES L. WRIGHT

"TEAMWORK for Greater Foreign Trade" was coached by the Knute Rocknes of the modern commercial world when the foreign commerce group of the United States Chamber of Commerce held its luncheon meeting May 8.

With such veterans in the field as former Secretary of Commerce William C. Redfield, E. B. Filsinger, director of foreign sales for the Royal Baking Powder Company, and Dr. Julius Klein, director of the Bureau of Foreign and Domestic Commerce of the United States Department of Commerce, making speeches on their experiences, those who attended the meeting were given a variety of views of the foreign picture.

Several of the "pet bogeys" of the American business man who contemplates entering the foreign field, such as the theory that he with his high-priced American labor cannot compete with the cheap labor of Europe, that foreign credit means great losses, and that American anti-trust laws make it impossible for United States concerns to compete with European cartels, were soundly trounced by the different speakers.



Ernst B. Filsinger

Their talks were supplemented by Charles W. Lonsdale, president of the Simonds-Shields-Lonsdale Grain Company, Kansas City, who made brief references to his own experiences in the development of foreign trade for his company. Mr. Lonsdale later addressed a general session of the chamber on the subject of "What Teamwork Means to Foreign Commerce." He acted as presiding officer at the Tuesday luncheon, and introduced Edward L. Bacher, manager of the foreign commerce department of the United States Chamber, before he called on Mr. Redfield as the first speaker.

Mr. Bacher told of the work that had been done that morning by the Foreign Commerce Department's Advisory Committee, and before the luncheon meeting adjourned, a resolution approved by it was presented and adopted. It proposed that the National Chamber should go on record as favoring ratification of the recently signed international convention to abolish special restrictions on imports and exports, many of which were imposed abroad during and after the World War, but have never been lifted since its end.

When Mr. Redfield was introduced to speak on the topic of "Foreign Trade—A Major Factor in Prosperity," he began by saying he should like to speak on behalf of the smaller industries of America, because the big ones know what it costs and means to develop foreign trade.

"I was one of the smallest manufacturers in the United States," said Mr. Redfield. "The first thing a small manufacturer needs to do is to get rid of a number of preconceived ideas, perhaps the main one being that he cannot pay the wages here to meet the American standard of living and compete successfully abroad with goods made in the cheaper labor markets of Europe.



William C. Redfield

"I sold American forgings in Liege within a mile of the steel plants producing them there. I sold them in England, with half a dozen competitors close by, because my partner and myself had faith in ourselves. Take the bogey of the difference in the standard-of-living wage by the collar and neck and throw him out. Frequently the cost of production is the smallest, not the largest, element of cost to the consumer.

"Quality and design frequently make the whole price question one that can be ignored. It is perfectly possible to go around the question of price by finding what the customer would like to have and making it for him. Manufacturers design things which are not in existence when they are needed. Production of such articles is simple, profitable and permanent.

"In Europe, the bringing in of a new article by a competitor does not result in quick factory changes to meet the new conditions of competition as it does here. Don't attempt to sell what you want to make, but make the foreign customer what he wants to buy. Don't have the thing too often seen among Americans—the big head. It is an evidence of national self-conceit. Keep out of that habit, that has cursed so many of us, of despising the foreigner.

"I beg of you," Mr. Redfield continued, "to take no fliers in foreign trade. Stop before you start. Europe is strewn with the corpses of American business concerns who have attempted to use that as a place for dumping surpluses. Foreign trade must never be regarded as an extra filler when times are hard. You had better stay at home unless you intend to develop the foreign field continuously, wisely and intelligently. The trained manufacturers of Europe use their intelligence; so don't underestimate your antagonist."

"The conquering story of American industry," declared Mr. Redfield, "begins with faith in the man himself. Men in America are led, not driven. Keep ahead of your men, but spur them on by letting them follow. Responsiveness of American labor to leadership is a conquering power."

In emphasizing his point that the American manufacturer must make what the foreign customer wants him to make instead of what he himself wants to make, Mr. Redfield cited an instance of the receipt of a large order of goods from a thousand miles up the Amazon. The only instruction given was that there must be no green labels in the goods. The manufacturer said that he had a good green label, and that that would be used.

It was and the shipment reached its destination, only to be returned immediately, because green to the natives was the color of the devil.

Credit Losses Negligible

MR. FILSINGER opened his remarks by saying that the credit losses of the American export trade are "infinitesimal," and added that "it can be asserted without fear of contradiction that they average from one-third to one-half of one per cent.

"Indeed," said Mr. Filsinger, "only in exceptional cases do they run as large as one per cent. Obviously, I refer to the experience of firms who know how to extend credit abroad. When credit is extended unwisely, whether at home or abroad, the results may be costly. Yet with the facilities available for obtaining credit information on foreign houses, there is no excuse for a high ratio of loss."

"It has long been an axiom of the United States," said Mr. Filsinger, in summarizing his conclusions, "that trade in the home market cannot be carried on unless credit is extended. It is self-evident that in foreign markets where money

rates are higher, the need for credit is even more important to the merchant than is the case in the United States, where credit is considered indispensable. The prospective exporter who is delaying his sales efforts overseas because of fear of possible credit losses is making a serious error. He is in reality dealing with a bogey.

"In the first place, he has to encourage him the experience of numerous other houses who have for many years and are are now conducting foreign business with insignificant losses. In the next place, he has available the accumulated information and experience of foreign traders who have long been in the field and who are dealing in many cases with thousands of firms abroad whose standing is well established. Lastly, he has the assurance that a definite movement is under way to make credit information internationally more readily available in order that the risk of doing business, whether here or abroad, may be reduced to an even lower minimum.

"The American business man can undertake foreign trade with the confidence that 'the world is my field.'"

Problem of the Cartel

DR. KLEIN brought out facts about some of the latest attempts at the organization of foreign cartels and some reports of the latest failures of such efforts.

"Clearly," said Dr. Klein, "the day of integrated mass trade effort, as a counterpart of mass production, is at hand, and our business community would be well advised as a matter of sound defensive as well as offensive tactics to scrutinize this new development with unusual care. The situation calls for sober factual analysis, calm planning, and courageous action; there is no room for emotional patrioteering on the one hand and supine defeatist submission on the other.



Julius Klein

"It was hoped that in the Webb-Pomerene combines we had found the answer to foreign collaborative competition, but the decade of the operation of that act, which has just been rounded out, has revealed some unexpected obstacles to its complete success. Although some 57 export associations are now registered under it, only a small proportion of those are actively operating. Their total export trade in the last fiscal year was about $200,000,000, a third of which was supplied by metals and minerals, another third by forests and food products, and the remainder by miscellaneous manufactures and partly processed goods.

"Meantime the European international cartel has taken on new life as the orgy of depreciated paper currency and other phases of the post-war depression gradually disappeared. The consequent preparation for a more aggressive competition has made Continental industries impatient of the remaining vestiges of war-time politico-economic barriers and other nationalistic devices. The cartel is one phase of the answer of the Old World industrialists to these impediments.

"It is evident that the developments thus far, both in Europe and this country, limit the prolonged workability of foreign marketing combines to certain raw materials rather than fabricated specialties. But when the given trade organization is internationalized, as in the case of the cartels, new complications are promptly encountered through the difficulty of effectively controlling the operations of many concerns, each group of which is organized under differing codes and national trade practices.

"In any event, such cartels and combinations must of necessity key the tempo of their operations down to the abilities of the least efficient members of the group. This situation makes for a constant atmosphere of restive impatience on the part of the most aggressive members.

"The device, then, has its distinct limitations and by no means affords the infallible panacea, which has been confidently expected of it. This does not mean that all collaborative effort in foreign trade has only restricted possibilities. Certainly the experience of some 2,000 trade associations in the United States offers abundant reason for assuming large opportunities for trade collaborative effort."

Best Use of Natural Resources

By THEODORE M. KNAPPEN

"POWER and Prosperity" was the theme of the Natural Resources Group luncheon meeting at the Washington Hotel, May 8. The attendance was large and interest keen. Hydro-electric power development received major consideration, and the resolutions were strong for keeping government out of it at Muscle Shoals, Boulder Dam, and everywhere else. The manifest sentiment of the gathering was that it is through federally controlled hydro-electric development that socialism seeks to undermine private ownership and operation of property, and that therefore the issue is crucial for all business.



Matthew S. Sloan

"Having an abundance of natural resources today, we should give some thought to tomorrow," said the chairman of the section, Matthew S. Sloan, president of the Brooklyn Edison Company, beginning the speaking, after the luncheon. "Every group of the population is vitally concerned, and the public consciousness is groping, somewhat blindly, for guidance. It is the duty of such groups as the present one to furnish that guidance.

"Local groups in various regions are facing the problem. Witness the Wisconsin Commercial Forestry Conference and the Mt. Carmel Conference in the anthracite region. The forestry problem has been dealt with nationally by a commercial forestry conference at Chicago last November under the auspices of the Chamber of Commerce of the United States. Commercial reforestation was then found to have made a good start toward 'continuous production of wood on the nation's forest lands.'"

The assurance of future supplies of minerals, Mr. Sloan said, depends almost entirely on the wisdom and initiative of private enterprise in stimulating science and applying its results. Science is finding the means of locating deep-lying orebodies and also ways to recover more usable material from their natural deposits. The increased production of zinc in the West and the greater recovery of gasoline from crude oil were cited as examples of better methods.

However, the present plethora of production and stocks of timber, petroleum and many of the metals and minerals should not divert attention from providing adequately for the future. Teamwork between mergers, cooperative agreements and associations with the public agencies are essential. The rising interest of the

public in the social aspects of natural resources is creating opposition to commercial development. Ways must be found to reconcile commercial and social uses. Scenery and water power development can go together; forest use can be made to perpetuate the forests.

While all industries using natural resources are threatened with government ownership and overregulation, water resources have received the most attention. Efforts are being made to break down the established federal water power policy. Muscle Shoals was a war emergency development, undertaken before the national policy was established; but, taking it as a precedent, special consideration was demanded for the Colorado River and the St. Lawrence and the Columbia developments. In consequence one half of the nation's water resources have been locked up. Mr. Sloan summed up his views as follows:



R. F. Pack

"To stimulate a more careful use of natural resources, it is not necessary for the American people to engage in business activities through government agencies.

"Neither is it advisable for them to adventure in government ownership for the purpose of demonstrating how development should be conducted and at what price the product should be marketed. The experiences in government operation give us no occasion for pride.

Private Initiative Stressed

"THE philosophy of encouragement of private initiative has long been one of the fundamental principles of our government. It is also a corner-stone of the National Chamber, reiterated constantly by resolution and referendum, and yet this principle is meeting with determined opposition from men in high places, and it is threatened by more dangerous effect of public lethargy.

"What the public can rightfully demand is a steady supply of raw materials, uniform in grade, and at reasonable prices. In addition, it may insist that production operations be so conducted as to assure thorough extraction with a minimum of waste, and that utilization be governed broadly by the available supply and the economic needs of the community, the state, and the nation. But to encroach upon the fields of production and operation is contrary to the fundamental principles of our nation.

"Teamwork and Group Management" was the subject of the paper read by R. F. Pack, president of the National Electric Light Association and general manager of the Northern States Power Company, of Minneapolis. Mr. Pack asserted that the human element was the greatest natural resource of the nation, and found in group management a means of conserving that resource when applied to the other resources. Group management—holding companies—he held to be fundamentally sound in that it provides the best machinery for organizing and using the best available human ability.

Group management is appearing everywhere, and is being more and more recognized as the soundest and most logical means of rendering the best possible service to the public at the lowest possible cost. Mr. Pack described at length the advantages of group management, as seen from the public viewpoint, and asserted that the proof of them was to be found in a comparison of the electric power industry of the United States, 96 per cent privately owned, with that industry in foreign countries, where government ownership usually predominates. He recalled that an investigating commission from Britain had reported that electric power development was the secret of American prosperity.

Teamwork, rather than mutual antagonism, is the need of the hour, Mr. Pack held in the power field as well as in others. He cited the growth of shippers' advisory boards; the cooperation of the public authorities and the power industry in the electrification of farms in Minnesota and elsewhere; and the harmonizing of the differences between the power companies and the Bell Telephone system in the matter of use of the public roads for transmission and telephone lines.

Teamwork is needed to protect private business against government encroachment, and yet men of other industries can be found supporting legislative measures destructive of private ownership in the power field. The latter were warned that the United States Government and the states were already in a large number of businesses that should be left to private enterprise. "If the government takes over our business, somebody else's business will be next."

R. E. Norton, vice-president of C. H. Geist Securities Corporation, Philadelphia, had for his topic, "Electric Power and the Investor." He recalled that at Philadelphia recently was celebrated the 50th anniversary of the first test of a dynamo. Chas. F. Brush and Dr. Elihu Thomson, the two men who were concerned with the test, were present at the celebration.

The tremendous transformation in the field of industrial electricity in fifty years is largely due to the interest of investors in electric public utility securities. The industry has expanded in proportion to investment interest. The fixed capital of the industry was $500,000,000 in 1902; by 1922 it had increased to $4,400,000,000. Up to 1920 investors had been rather diffident, but in that year they began to show the enthusiasm which has resulted in an investment of $7,900,000,000 in 1926.

As late as 1913 the then president of the National City Bank of New York declared that four out of five investors had their minds closed against any investment in the securities of electric corporations. But these securities came into their own after the war, when there was a general recession in industrial earnings, for the utility companies not only absorbed the canceled war load of patronage but showed increases of business each year. A remarkable feature of public utility securities has been the growth of customer ownership of stocks, the number of such owners growing from 4,000 in 1914 to 248,000 in 1926. In the same period the efficiency of the use of power fuels increased 40 per cent. In 1927 the utility power plants generated 2,500,000,000 more kilowatt hours than the year before with 150,000 fewer tons of coal.

Both Scenery and Utility

STEPHEN MATHER, Director of National Parks, urged that in the development of natural resources reasonable attention be given to recreational and scenic factors. He cited the action of the redwood forest owners in California and certain California power companies as models for others. He thought that social requirements could be fully met at a cost of not more than 3 to 5 per cent of utility loss.

Charles A. Brand, secretary of the National Fertilizer Association, extemporaneously described the Muscle Shoals position in Congress and secured the unanimous adoption of a resolution calling upon the Chamber to appoint a committee to recommend "a sound public policy intended to deal constructively with the disposition of the properties of the United States at Muscle Shoals."



R. E. Norton

Another resolution urged against any impairment of the Federal Water Power Act, which provides for the administration of the nation's water power under a single federal agency.

Another resolution urged Congress to provide adequate research appropriations for the Geological Survey and the Bureau of Mines.

The growing conviction that the anti-trust laws are somewhat obsolete was reflected in the unanimous adoption of a resolution proposed by Milton L. Lissberger, of the Chamber of Commerce of the Borough of Queens, New York City. This resolution asked that a committee of the Chamber be appointed to recommend "what if any legislation to take the place of these laws is desirable as more in accord with modern economic requirements?"

A Program for Agriculture

By O. M. KILE

THAT agriculture continues to be a subject of general interest to business men was shown by the prominence given it in the program and by the large attendance at the agricultural luncheon at the Mayflower Hotel May 9.

As a natural result and follow-up of the recent report made by the Business Men's Commission on Agriculture, the Chamber desired to take some constructive action looking toward a definite agricultural policy or program which would form the basis of its future activities for agricultural improvement. This result was accomplished by the presentation of a report by the Chamber's Special Committee on Agriculture and the unanimous decision of the Board of Directors to submit this report to a general referendum vote at an early date.



A. J. Glover

Chief discussion of agricultural matters, however, developed in connection with the agricultural luncheon arranged by the manager of the Agricultural Service Department. Approximately 200 persons attended this luncheon, including in addition to delegates many farm leaders, agricultural economists, scientists, and correspondents.

Farm Program Recommended

FOLLOWING brief introductory remarks, Dwight B. Heard, chairman of the Agricultural Committee, announced that after two years' work this committee had recommended to the Board of Directors of the Chamber, a constructive national agricultural program. The principal features of this program are: (1) Establishment of a Federal farm board to be appointed by the President, representing the main geographic regions of the country, and both producer and consumer interests. (2) Active support of the principle of cooperative marketing. (3) Full protection against destructive competition from foreign agricultural producers; that is, tariff protection. (4) Full development and adaptation of existing agricultural credit facilities to local and commodity needs. (5) Delay in bringing into cultivation additional lands at public expense, until such time as there is an economic need.

Mr. Heard stated that the board of directors had unanimously ordered the committee's report referred to a referendum vote by the membership, and that this referendum will be taken at the earliest possible date.

A. J. Glover, editor of *Hoard's Dairyman*, addressed the group on the subject of "Quality Versus Quantity Production," using the history of the dairy industry during the last twenty years to prove that quality production not only brings increased net returns to the producer but operates to prevent overproduction. He pointed out that in 1926 we produced nearly 122 billion pounds of milk as compared with only 80 billion pounds in 1916, yet the number of milch cows in the United States today is no greater than in 1916.

Improved quality of dairy products has been a highly important factor, Mr. Glover believes, in increasing our per capita consumption of dairy products from the 804 pounds of milk or its equivalent in 1916, to 1,040 pounds in 1926. This per capita increase taken together with the population increase gives a total increase in consumption of dairy products amounting to 51 per cent in the last 10 years. It was Mr. Glover's contention that many of the same principles which have brought prosperity to the dairy industry could be applied to other branches of agriculture, although he recognizes the fact that dairy products are now on an import basis and therefore receive the full benefit of the tariff, whereas some other important farm products do not.

The next speaker was Lloyd S. Tenny, chief of the Bureau of Agricultural Economics of the U. S. Department of Agriculture.

"In the next 50 years we are going to get away from the present unscientific crop producing program to a more systematic plan of suiting our crop acreages and breeding programs to the needs of six months, one year or two years hence," said Mr. Tenny in the course of his address dealing with the department's activities in endeavoring to collect and disseminate world-wide information on the supply and demand factors affecting agricultural products.



Lloyd S. Tenny

Julius H. Barnes, former president of the Chamber, took occasion again to condemn farm-relief legislation of the McNary-Haugen type and cited the recent failure of the British rubber restriction act, as illustrations of what he believed would be the final outcome of the McNary-Haugen bill if enacted. He pointed out that there is no surplus of the higher grades of wheat in the United States and that the producers of high-protein wheat are today able to secure very profitable prices.

Congressman O. B. Burtness of North Dakota, expressed his approval of many of the principles set forth by the preceding speakers but asked them to differentiate between those agricultural crops such as dairy products which are on a home consumption basis and receiving full tariff protection, and those crops such as grains and meats which are on a foreign price level basis and receive little or no tariff protection.

He defended the McNary-Haugen bill on the basis, first, that the purchasing power of agricultural products in terms of non-agricultural products, is still 9 to 10 per cent below the pre-war normal, and, second, that the mere fact of producing a few more pounds or bushels than are needed to supply the consumption demand of the United States for any particular crop, ought to be no reason for denying tariff benefits to the producers of that crop. This assurance of tariff protection, Mr. Burtness stated, is essentially what the McNary-Haugen bill seeks to secure.

Louis J. Taber, master of the National Grange, said that farm organizations are glad to know that the Chamber is working along constructive lines as regards agriculture, but indicated that he felt that the Chamber had not gone far enough in its program as announced by Mr. Heard. Mr. Taber urged the export debenture plan as a means of securing the "full tariff benefits" which business apparently desires agriculture to have. He pointed out that the debenture plan is merely a part of the original protective tariff system as advocated by Alexander Hamilton and that it would accomplish the desired benefits with far less cumbersome machinery than would the McNary-Haugen bill.

Alfred H. Stone, vice chairman of the committee, commented on the work of the Mississippi Long Staple Cotton Cooperative Marketing Association.

Transportation Issues

By LEO A. BORAH

SPIRITED argument developed in the Transportation and Communication Department luncheon meeting, May 8, over the proposed resolutions on merchant marine and on engineering advisers to Latin America.

A vigorous but unsuccessful attempt was made by a group led by Malcolm Stewart of the Cincinnati Chamber of Commerce to have all merchant marine resolutions tabled and an endorsement of the Jones-White Bill substituted.

Opposing the adoption of the resolution to endorse the policy of empowering President Coolidge to appoint from the Bureau of Public Roads a corps of engineering advisers to the Latin American nations, Colonel Frederic Molitor spoke as representative of the American Institute of Consulting Engineers, Inc.

After discussion the objections to both policies were defeated, and the resolutions were ordered reported favorably to the Resolutions Committee.

A. L. Humphrey, President of the Westinghouse Air Brake Co., presided and rendered a report on behalf of the Transportation and Communication Department Committee outlining the work of the past year and the proposed activities for the coming year.

Addresses were made by Samuel O. Dunn, editor of the *Railway Age*, and Walter A. Draper, president of the Cincinnati Street Railways Company.

After the discussion of the addresses a number of resolutions were considered and acted on by the meeting.



Samuel O. Dunn

Merchant Marine

MANAGER Barber of the Transportation and Communication Department announced that six resolutions on merchant marine had been submitted by member organizations for consideration by the annual meeting. A new resolution was then proposed from the floor as a substitute for the six.

The substitute resolution was later adopted in substance by the Annual meeting and is printed on page 74.

When Chairman Humphrey declared the question open for discussion, Mr. Stewart immediately moved to lay the resolution on the table, arguing that the Jones-White Bill covers all points necessary and renders the resolution meaningless. His motion was lost.

A motion was put to endorse the resolution. Again Mr. Stewart rose to argue against action and to ask that both the new resolution and the original six be tabled in favor of an endorsement of the Jones-White Bill. Answering Mr. Stewart, R. S. McElwee, port commissioner of Charleston, supported the new resolution, which he characterized as a long step toward unifying hitherto diversified opinion. After several others had spoken for and against adoption of the resolution, Mr. Stewart moved a substitute resolution endorsing the Jones-White Bill, but his motion was lost.

The resolution before the meeting was then endorsed.



Walter A. Draper

Government Competition in Roads

The other controversial question was that of endorsing the suggested resolution on engineering advisers to Latin America. This resolution, already before the Resolutions Committee, was read by Manager Barber.

Colonel Molitor objected to a favorable expression by the meeting on the ground that the bill before Congress would authorize the President to appoint engineers from the Bureau of Public Roads to build highways in Latin America in direct competition with independent American engineers and open the way to other government agencies similarly to enter into such competition in the building of public works. He declared his belief that adoption of such legislation would lead to more government in business and that any action in support of it would be in violation of the policy of the National Chamber.

H. H. Rice, director of the National Automobile Chamber of Commerce, and a member of the Highway Education Board, answered Colonel Molitor. He said the measure would not put the Government into the engineering business but that it would be simply a means of cementing good will between the United States and Latin America. He added that President Coolidge had broached the idea in his annual message to Congress last December and had again advocated it in his address in Cuba.

Colonel Molitor replied that he and his colleagues had no objection to the idea sponsored by the President, which did not involve designating government employes. Colonel Molitor opposed the wording of the clause referring to appointment of advisers from the Bureau of Public Roads.

At the close of the discussion the resolution was adopted by a small majority.

The resolution favoring adoption of the Hague Rules on Uniform Bills of Lading was endorsed by the meeting after some discussion. Mr. Stewart said he believed the United States Shipping Board should be empowered to work out rules for uniform bills of lading. When it was explained that the proposed resolution carried the suggested reservations, Mr. Stewart withdrew his objection.

Three resolutions on aviation had been submitted to the Committee previous to the meeting. Two new resolutions were presented by John G. Lonsdale, Chairman of the National Chamber's Aeronautics Committee, one favoring international aeronautical conferences, and the other concerning state and local regulation of aeronautics. Both were endorsed.

The resolution on toll roads was approved. The resolution prepared by the Transportation and Communication Department Committee, dealing with railway labor, was endorsed.

On the resolution presented by the Mankato, Minnesota, Chamber of Commerce, directed to the question of economic relief for the Northwest through freight rate revision, no action was taken. The resolution was already before the Resolutions Committee.

Manager Barber reported endorsement by the Department Committee of the resolution on street and highway traffic. The meeting approved this resolution.

New resolutions on city transportation and on postal rates were also endorsed.

No action was taken on the rural roads resolution already in the hands of the Resolutions Committee.

Mr. Dunn's subject was "The Public, the Congress, and the Interstate Commerce Commission."

"Past experience plainly indicates that within a few years railway service will cease to be adequate and satisfactory unless prevailing tendencies in our regulation of railways are changed," he said. "I

make this statement with full regard for the facts that at present the stocks of many railways are selling for the highest prices in history and that the railways now have a capacity in excess of the demands upon them.

"We should not allow ourselves to be misled by superficial appearances and temporary conditions. The advance in the prices of railway securities within very recent years has been due mainly to general financial conditions and speculation, and not to earnings, and has followed a period of twenty years during which these prices always were lower, and usually much lower, than they were as far back as 1906.

"No one knows how long the causes which have produced the present 'bull' market will continue to operate effectively enough to maintain the present prices of railway securities. Our only safe course is to assume that in future, as in the past, the net return earned by the railroads will determine the capital they can raise and the service they can render."

Lawful Return Not Allowed

DISCUSSING regulation within recent years, Mr. Dunn criticized the Interstate Commerce Commission because it has not so adjusted rates as to enable the railways to earn the 5¾ per cent annually on its own tentative valuation of their properties, which it has held would be fair.

"It is our declared policy of regulation, as announced by the American public through Congress," he said, "that, while the net returns of the railways shall be restricted as those of other industries are not, they shall, at the same time, be given opportunity to earn a fair return, and the courts hold it is unconstitutional confiscation to deprive them of a fair return; and yet they have been persistently so regulated that they have been unable to earn it. The average return earned during the last seven years, on the Commission's own basis of valuation, has been only 4.6 per cent, and in 1927 was only about 4.75 per cent. None of the three large territorial groups of roads has earned the so-called 'fair return' as an average, and the western group has fallen far short."

The failure of the Interstate Commerce Commission to fix rates to enable the railways to earn on the average a fair return was attributed by Mr. Dunn largely to pressure, in a great measure political, from the public and Congress.

"Regardless of the fact that the railways have not been earning a fair return, measured by any standard, there has been incessant pressure for reductions of rates," he said. "Sometimes one and sometimes both branches of Congress have taken a hand in applying this pressure. The Commission was created expressly to make expert investigations and decisions regarding rates because it was recognized Congress could not do so, but twice a bill has been passed by one house of Congress to abolish the surcharge on sleeping and parlor car tickets that had been authorized by the commission.

"Three years ago, almost without consideration of its merits, Congress passed the Hoch-Smith resolution giving the commission notice that, in regulating rates, it should follow the policy of considering the 'conditions' existing at any time in our various industries. This disregarded every principle on which it was previously understood that our policy of regulation was based. It was an interference by Congress with functions for the performance of which the Commission was expressly created. It contemplated rate-making in disregard of the standards of justice and reasonableness because it meant, if it meant anything, that the Commission should exercise its rate-making authority to equalize the profits in different industries, regardless of whether the differences in their profits were due to freight rates or not.

"The Commission gave the Hoch-Smith resolution as a reason, among others, for its decision in the famous Lake Cargo coal rate case. Whatever were the merits of this particular decision the Commission, in making it, acted merely in the performance of the function for which it was expressly created. But because Commissioner John J. Esch voted for that decision he was placed on trial by the Senate and defeated for reappointment. Thus the Senate, contrary to the principles upon which our policy of regulation is based, in effect, acted as a court of appeal and made a decision in a case on which it had not heard the evidence and arguments. How can we expect able men to accept membership on the commission and discharge their duties in accordance with their best judgment if they are to be treated in this way?"

Public Policy Needed

"IF THE public does not wish or intend to have carried out the policy of regulation it has announced it should make this fact clear in order that railway managers and investors may be governed accordingly. If the public does wish and intend to have that policy carried out it should see that political interference with the Interstate Commerce Commission by Congress ceases, and that the Commission is left free so to regulate, and does so regulate, rates that they will be fair and reasonable as between different territories and classes of shippers, and also such as to enable the railways as a whole, and by groups, over periods of years, to earn returns at least equal to those to which the Commission itself holds they are entitled.

Mr. Draper disputed charges that American street railways are fast becoming archaic or obsolete in the struggle for supremacy with the automobile.

The street railway industry, he said, is calling itself city transportation to typify the service it renders rather than the method of rendering it. As evidence that it is not concerned with street cars alone he cited the fact that electric railway companies are now operating 10,000 motor coaches in regular service.

"The commonest criticism of the street railway business," he said, "is that it is archaic or obsolete. Some of the critics are honest in their beliefs. There are doubtless others who are not. It is true that the development of the automotive vehicle and the vast increase in wealth in this country have created a demand on the part of the public for greater speed and more comfort in city transportation and for more transportation facilities also.

"In spite of the tremendous growth in the private automobile with all the people it carries the number of revenue passengers carried by public means of transportation has shown a certain growth, with backsets from time to time, and this indicates that to a degree at least the more transportation facilities are offered the more traveling there will be.

Quality Market for Riders

"THE difficulty has been and is going to be not in bringing about better transportation, just as we must have better homes and better clothes and better food, but in getting people to pay for it. We cannot get diamonds for the price of glass. While large numbers of people will continue to desire a form of transportation that can be provided at the least possible cost, others will be willing to pay for the faster and better service that they demand.

"An adjustment of these two kinds of service between the numbers that require them will be required. A business must be self-supporting or it cannot attract new capital to provide the improvement, development and extension of the service and to undertake experimentation and research. Public funds may supply the capital for subways and two-level streets, but the companies will still need large amounts of capital for which the car rider himself will have to pay."

J. H. M. Andrews, assistant to the president of the Philadelphia Rapid Transit Company, in discussing Mr. Draper's paper, described two successful enterprises being worked out in Philadelphia. These are the coordinated effort between management and labor and the coordination of all forms of transportation, including street cars, buses, and taxicabs.

In the further discussion Alfred Reeves, general manager of the National Automobile Chamber of Commerce, asked that if the public shows a preference for buses, it should be permitted to have them even on streets now occupied by car lines. Mr. Draper replied that in his experience the public cannot be induced to accept buses to replace existing car lines but that his company stands ready to make the substitution if the public so desires.

Thomas Fitzgerald, vice-president of the Pittsburgh railways seconded Mr. Draper's reply by citing his company's experience in Washington, Pennsylvania. He said bus substitution where there was any possibility of dense traffic had proved a mistake in that city.

Before adjournment a resolution of thanks to the speakers was adopted unanimously.

Business and Politics in Civic Development

By ROBERT B. SMITH

BUSINESS men are realists in everything except politics; in politics they are incorrigible romanticists.

Delegates attending the luncheon of the Civic Development Department heard themselves so described in the course of a discussion of the business man's responsibility in government. The average man of business, they were told, still regards government as something quite apart from his immediate interests, something to be taken up in the dim, distant future after the cares of active business life can be laid aside. Meanwhile, however, he complains when the government fails to function according to his notions of efficiency, economy and helpfulness.

John Puelicher, president of the Marshall and Ilsley Bank of Milwaukee, offered a remedy:

First, we must passionately desire for our country and ourselves high statesmanship.

Second, we must vote whenever it is our duty to vote.

Third, we must pay for our novitiate in our civic life as we pay for our business experiences in our business life.

It was the third of these points that Mr. Puelicher especially sought to emphasize. The mere fact that a man has been successful in building up a great industry, he explained, is no reason for him to expect to step immediately into some equally preeminent position in public affairs. To be successful in politics, said Mr. Puelicher, he must be willing to begin at the bottom just as he probably did in business, serve his apprenticeship in the minor posts of local government, and thus gradually acquire the schooling, the experience, and the following essential to advancement to the higher honors of public life.

"His failure to achieve socially—and when I say socially I mean civically and politically—is due to the fact that what he proposes to render is to be outstanding," says Mr. Puelicher. "He therefore says: 'When I have achieved my success in life, when I have repaid every business obligation, I am going to take time and give effort to repaying the obligations to my country.

"'I am going to serve somewhere, somehow, in an outstanding way.'

"In a large number of instances, our civically minded business men of financial success have waited until they retired from active life and then attempted to throw themselves into public service with the thought of doing an outstanding piece of work as a culmination of their endeavors and as their contribution politically to their country. This is not prompted by vanity but to make adequate return. Would there were many more — yet these have found that politically they could not match their outstanding commercial success.



John H. Puelicher

"Each fails to remember the A B C process through which he passed in the achievement of his business success. He fails to remember the humble position he first occupied; how from that he rose to a position of somewhat greater importance and so on until finally he became the head of his own business and then forged his way into recognition as the leader in his line of endeavor throughout the country. Now he thinks of the repayment of the debt to his country. In his own line he is a recognized leader. To serve his country properly, in his opinion, he should immediately take a place in his country's political affairs equal to that which he occupies industrially.' True, he has not learned the A B C's of civic and political service nor has he created through such service a public following. Nevertheless, thinks he, an outstanding industrial leader such as he should immediately be able to take a position in the political life of the country equivalent to his industrial position. And here he probably makes his first great mistake.



S. P. Wetherill, Jr.

"Inexperienced in the ways of public affairs, without a reputation as a public servant, he finds it difficult to obtain recognition as a possible candidate for one of the more important positions in public life. He fails altogether to realize that he has not created for himself, good name though he has, a constituency that recognizes in him a performer of regular and successive steps in public service.

"The great ability which the industrial leader has acquired in the steps to his industrial success, and which he would now so willingly translate into public service, finds no recognition by the rank and file of voters. They know him only as a man who has achieved wealth and therefore as one who should be regarded with suspicion. True, through his industry, he has contributed to community welfare, in giving employment to many men, in furnishing a high quality of goods, in doing many of the fine things in life, but they fail to recognize in him a man who through social service is entitled to their full confidence.

"In no language does the alphabet start with the letter Z; in everything that we undertake we must begin with A, and so it must be in the repayment of our debt to our country. We must be willing in the days when we are hoping to succeed in the business world to accept the responsibilities of the lesser duties which concern themselves with municipal management. We must, while we are succeeding, having grown in our civic and political experiences, be willing to accept more of the responsibilities that are in the B and C class of civic life; and then, when we have succeeded, when we have established for ourselves a reputation for leadership in our industrial career, we shall likewise have established for ourselves a place in the political life of our country. Through this long novitiate in both industrial and political life, we can then actively, intelligently, and efficiently pay the debt we owe to the country of which we are so justly proud and whose institutions we wish to perpetuate as a blessing to earth's people."

Mr. Puelicher also spoke of the higher standards of business morality prevailing today as compared with two decades ago.

"There was a time, particularly in the public utility and railroad fields, when 'the public be damned' and 'charge what the traffic will bear' were accepted business principles, and these are illustrative of others equally accepted. "Such principles have become archaic. The manu-

facture of things for sale, rather than for use, is rapidly fading from the picture.

"Business thus becomes a form of economic service, an essential part of what we term social service."

The new spirit of business, he said, is that of a profession. Even the nature of competition has changed with this growing business morality and the ruthless slaughter of competitors by fair means or foul has been replaced by a competition of greater service.

"There was a time," he said, "when our business morality permitted in continuous existence in our state capitals and in our national capital what was sometimes called 'the invisible house.' Its practices are now the exception, and the country is scandalized at the unearthing of business advantage secured by methods which will not bear the light of day."

Failure of the business man to take a proper interest in public affairs may be due to his lack of understanding of what he has at stake in government, is the belief of Dr. Charles R. Mann, director of the American Council on Education, who took part in the discussion. The word "government" too often connotes "control" or "regulation" in the mind of the business man, he said. As the transition from political to industrial control goes on, government is becoming more and more a "facilitating agent," said Dr. Mann, and people must be taught not merely to fight for it but work for it as well.

Ernest T. Trigg, of Philadelphia, chairman of the Civic Development Department Advisory Committee, warned that unless business men concern themselves more with governmental affairs "we may wake up some day to find that our laws have been changed and that our whole philosophy of government, as we have understood it, has been changed."

Discussion of metropolitan regional planning occupied much of the session. How large should a city be and what are its assets and liabilities? These were some of the questions which commanded the attention of the delegates. These questions have assumed a special importance as the time approaches for taking the 1930 census. With the extraordinary development of rapid transportation facilities, the entire concept of what constitutes a city is changing.

A city no longer is confined to its corporate limits; it spreads over a large area sometimes containing a greater population than the city proper.

Colonel Samuel P. Wetherill, Jr., president of the Regional Planning Federation of the Philadelphia Tri-state District, described these new conditions in urban life.

"Modern means of transportation," he said, "have converted a day's journey by wagon into a matter of minutes by automobile. The relations between city and suburbs, and town and country, have become so closely knit that one cannot get along without the other. Communities are no longer self-sustaining. They share the same needs and demand the same means of satisfying them. We are now living in the age of interdependence."

Colonel Wetherill outlined a master plan, consisting of the following elements, for dealing with the metropolitan area problem:

1. Trends and distribution of population in the Tri-state district for the next 50 years.

2. A system of main and secondary highways, boulevards and bridges, to include new and altered highways and by-pass routes, which will extend throughout and around the region and tie in with the highways and boulevard systems of contiguous communities.

3. A system of connected parks, parkways, and other public reservations, designed for the three-fold purpose of improving the livability of the region, of conserving natural resources, and of putting to economical use the waste lands of the district.

4. An adjustment of transportation facilities directed towards a cooperative adaption of all methods of transportation to the changing needs of the region.

5. A system of airways and landing fields coordinated with all other transportation facilities.

6. A plan for the development of the ports and waterways of the region in their relation to the general transportation system of the region by rail, highway and air.

7. A study of sanitation, drainage and water supply necessities, with special emphasis on future water requirements of the entire region, and the protection of water sources against pollution by improper sewage disposal.

8. A study of the most economical and socially desirable use of all land in the district, designed to assist in bringing about a more livable and efficient relation between places of work, residence and recreation.

Banking and Taxation

By CLARENCE L. LINZ

UTILIZATION of the huge surpluses that seem to accrue annually in the Treasury Department, for the reduction of corporate and individual income taxes, with a basic rate of 10 per cent against corporate net incomes, and a modified program of retirement of the public debt, were among the things advocated by Dr. Thomas S. Adams, professor of political economy, Yale University, before the finance group meeting. Critical of the haste with which the Administration is seeking to extinguish the public debt while denying that his speed is prompted by such ulterior motives as the paving of the way to the cancellation of the Allied debts due the United States, Dr. Adams carried his audience through the mazes of tax administration.

This group heard also the request of Governor Roy A. Young of the Federal Reserve Board that they closely scrutinize the proposals that are being made to amend the Federal Reserve Act, that the reserve system may not be precluded from rendering the same degree of service as has been the case in the past.

The levelling of "tax walls" as set up by the various states against the entry within their borders of stock and bond issues of other states, actions not based on lack of worth of such issues, was urged by Henry R. Hayes, of Stone & Webster and Blodgett, Inc., of New York.

Felix M. McWhirter, President of the Peoples State Bank, Indianapolis, explained the work of the United States Chamber of Commerce in the field of local taxes.

Referring to the differences of opinion between the National Chamber and the Administration, Dr. Adams declared that since he ranked as a friend of each, he could discuss this "very delicate situation." He declared that such controversies always are extremely helpful in bringing to light the true situation.

"I believe that the principal issue between the two groups is the question of temperance—the drawing of lines between saving, spending, and the reduction of taxes," said Dr. Adams.



Roy A. Young

Leading up to a suggestion that there be introduced into the Government a little simple machinery whereby if it is found on June 30 of any year that a considerable surplus will occur under the operation of the taxing laws, a reduction might be made automatically from the instalments due from taxpayers the following September and December, Dr. Adams discussed the occurrence of



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surpluses in former years and the application of funds to the retirement of the debt. In this connection, he urged that where a deficit was likely to occur the reverse process be employed and the taxpayers called upon to pay relatively larger instalments in the months named. Above all, he declared, the assessment of taxes should be equally applied to all classes of taxpayers.

Situation of Debt Payments

THE United States, the speaker declared, may reasonably expect a continuance for ten or twelve years, beyond which period he would not prophesy, of the payments from foreign governments on account of their indebtedness to the United States, but he felt that it was unwise to assume that these payments would go on year after year for the fifty years they are scheduled to be made under the debt agreements. He did not discuss his own views as to whether or not cancellation is desirable, contenting himself with the statement that he can imagine too many things that may and probably will affect the situation during the next half century.

The Administration was absolved by Dr. Adams of any desire or maneuver to bring about the cancellation of the foreign debts. He declared his belief that the Administration leaders are genuinely desirous of collecting the entire foreign debt and as genuinely opposed to cancellation.

Similarly he excused the Administration for the existence of surpluses arising out of "mistaken estimates."

"I do not believe for one minute that Secretary Mellon or his advisers are capable of deception of this kind," he said. "This year in particular, careful study was given to this question and the administrative officers in charge of these matters were desirous of placing these figures as high as they conscientiously could."



Felix M. McWhirter

The business men were told that the question had arisen as to whether amounts paid as interest by foreign governments upon their obligations to the United States should be used to aid in debt retirement in this country; that the consensus was that they should be so employed, but not additional to the money paid into the sinking fund, as has heretofore been the case. He anticipated that at this session of Congress appropriate legislation would be enacted dealing with this question.

The speaker pointed out that there is a provision of law calling for the automatic retirement of the public debt, the appropriation this year being about $540,000,000, that amount increasing annually through the next fifteen or sixteen years so that it will average $750,000,000 a year. This will occur without any additions from the surpluses that occur. Surpluses in the past have largely been applied to public debt reduction.

Dr. Adams declared that it is to be expected that increases will come in the total tax burden in this country, certainly in absolute figures, probably in proportion to income and even gross earnings or gross receipts. He added that there is no reason at all to think that the tax burden will diminish either absolutely or relatively. He also looks for a recurrence of surpluses in the Treasury.



Thomas S. Adams

By 1950, if there be no major wars or other emergencies, the public debt will have been extinguished. That will completely relieve the next generation from the payment of war taxes and, if the payments from foreign governments are continued beyond that year, such payments will be used to meet the then ordinary expenses of this government.

Dr. Adams declared that he saw no reason to expect the prophesied raid upon the sinking fund. This fund is jealously guarded by the Administration and highly favored by the people generally. There has been the assumption in high Administration circles that increasing expenditures must be looked forward to; that these expenditures will become very great in the future and that then it will be impossible to raise taxes sufficient to meet the demands.

It has been asserted, in fact, that the oppositon to increasing taxes would be so great that Congress would be inclined to take the easier way of "raiding the sinking fund." That assumption is entirely erroneous, according to the speaker, who thinks there are few things to which the American people are more committed than to the maintenance of the sinking fund. This project, he declared, is sane, expedient and just, and this country will go to any length to maintain that program.

"I think we may expect a further recurrence of 'mistaken' estimates," he told his audience. "The estimates on which Congress has acted have been very wrong in the past. For instance, in 1927 we were planning in accordance with our statutory program to extinguish $500,000,000 of debt. In addition we had a surplus of $625,000,000. That also was used in extinguishing the debt.

"These mistakes in estimates have been made despite the greatest care to anticipate the future," he continued. "Because of the very excellence of the forecasts, the fact that they have gone wrong makes necessary, in my opinion, in the future, machinery and legislation and public practice and policy which will permit us to conduct the finances of the Nation with 'mistaken' estimates so that these mistakes can be smoothed out from year to year to the end that if we raise $635,000,000 too much—money that was not anticipated or expected and in that sense was not needed—it may be utilized at least in large part to relieve the taxpayers."

Dr. Adams told his audience that he differs from the Administration in its policies toward debt retirement—first, because the surpluses we have had are too large to be so used; second, because the present statutory program of debt retirement is adequate, generous, statesmanlike; third, because defenders of the program have declared that the present tax burden in this country is too light to be burdensome; fourth, because the disparity between taxes on corporations and individuals, penalizing the former, is too great; fifth, because while prudence is a good thing, in its present application it takes on the form of intemperance, carries with it the seeds of reaction, and has been productive of a great flood of proposals for public expenditures, since there cannot be such surpluses "without bringing the jackals to the feast"; sixth, because it involves the abandonment of one of the fundamental functions of the legislative arm of the Government.

Corporation Tax Too High

"THE greatest weapon of opposition to increased expenditures," he added, "is a low tax rate necessitating, on the part of those seeking great expenditures, justifying increases in taxation. I want to see the corporation income tax rate in particular reduced for many other reasons, because it would put upon those who propose new expenditures the onus and responsibility for increased taxes, and when those increases come they should be general in their application. One of the vices of the present system is that we are keeping up a corporation tax rate relatively higher than other tax rates."

In conclusion, while complimenting the National Chamber upon its activity in bringing to light the true situation with respect to taxation, he declared that it is something of an indictment against the business community that the corporation tax at this time should be 13½ per cent. Business, he said, apparently has not made its case and he urged the business men to greater endeavors towards bringing about the desired changes.

An emphatic denial was entered by Mr. Hayes, as president of the Investment Bankers Association of America, to the suggestion that whenever American bankers send capital abroad there is so much less available for America's economic needs. Similarly he declared there

(*Continued on page* 50)

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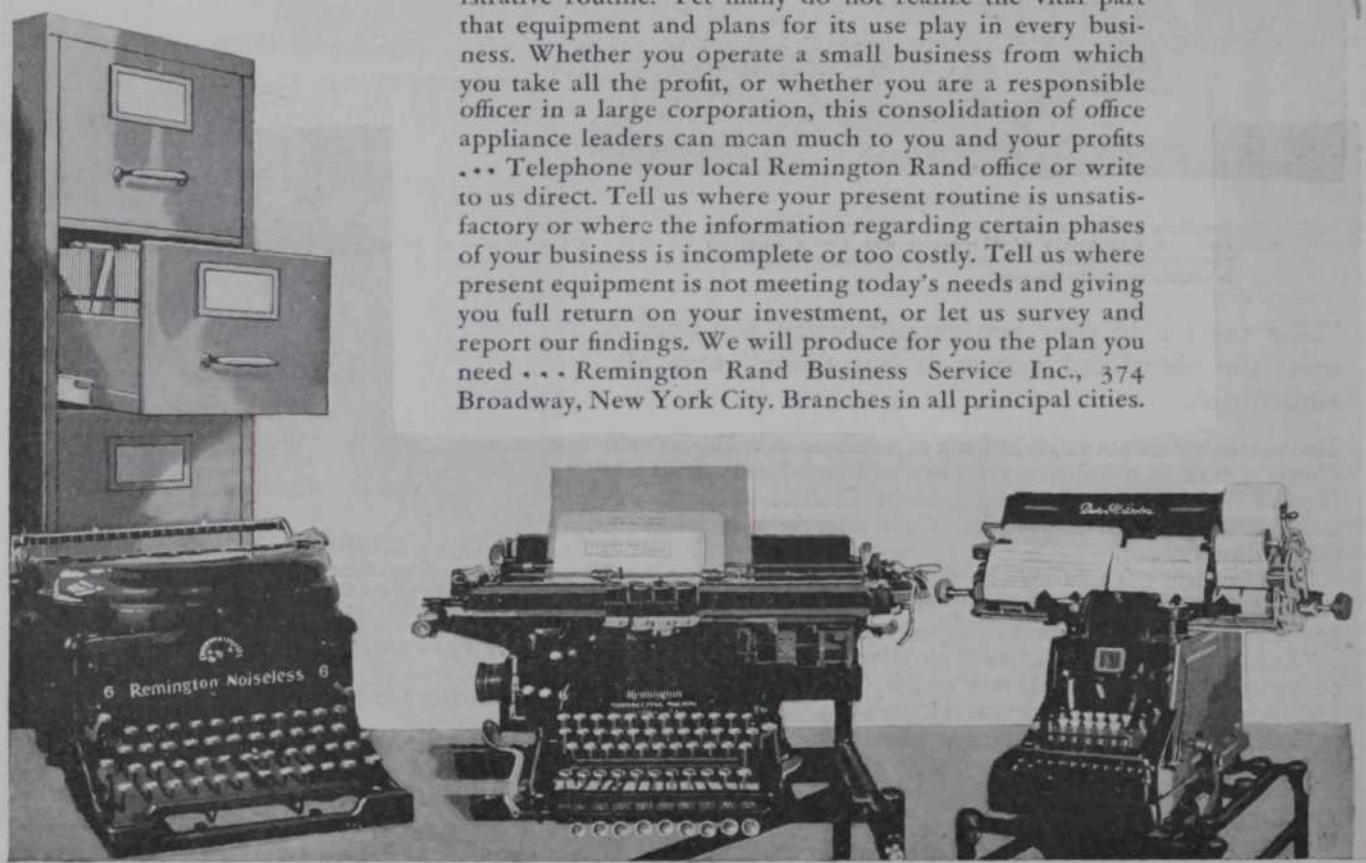
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was no ground for the fear that American capital is being sent abroad for the benefit of our competitors.

"Unquestionably," declared the speaker, "when a loan is granted to a foreign country and the proceeds are used to sell goods in a foreign market or even in our own market in competition with an American company engaged in the same business, the latter concern is directly injured. But such cases are rare. In fact, the trend of American investments is toward countries which are complementary rather than competitive to the United States. In the future Europe will borrow of us relatively less than South America. The capital which we lend will, therefore, be used primarily to provide broader markets for our own manufactured goods. Even a cursory examination of our exports will confirm that."

Interstate Taxes

MR. HAYES pointed out that while any suggestion that a tariff barrier should be set up by states against the free entry of merchandise from other states promptly would be rejected as absurd, yet among the states there are taxes and other laws that maintain a barrier against the free flow of capital. He asserted that the investment bankers are not opposed to the so-called "blue sky" laws intended to combat "wild cat" issues, for, he said, next to the victim of a securities fraud, it is the investment banker who suffers most when fraud is perpetrated in a sale of securities, or alleged securities.

"It is a matter of surprise that organized consideration by the business community has been given to relatively few of the problems faced by a corporation undertaking to do business in a state other than that in which it is chartered," he concluded, declaring that his association is gratified in learning that the Chamber's executive committee has requested from its Committee on State and Local Taxation a report on these matters.

The special committee of the National Chamber studying taxation and expenditures of state and local units of Government is making progress, according to Mr. McWhirter.

"Many proposals are coming to the Federal Reserve Board and to Congress in reference to changes in the Federal Reserve Act," declared Governor Young. "Many of these proposals, no doubt, have merit; many have not. Therefore," he explained, "I feel justified in appealing to the financial people of America in very strong terms to do everything within their power, to study these proposals, and to see that our wonderful Federal Reserve System continues to function in the future as it has in the past, and that it is not destroyed by some poor legislation that may get into the Reserve Act."



Henry R. Hayes

Many changes have been brought about in America's banking practice through the operation of the Federal Reserve Act, and among these, as explained by Governor Young, are the following:

"1. The Federal Reserve note has been put into circulation. This is an elastic form of currency which expands when business demands more currency and automatically contracts and goes out of circulation when it has served its purpose. In 1926 the reserve bank paid out twelve and one-half billions of dollars in currency.

"2. A rediscount practice has developed, enabling banks to meet seasonal requirements for credit or currency and also bridge over such emergencies as existed in 1919 and 1920.

"3. A credit instrument, new to the United States, the bankers' acceptance, has been developed and the total in existence at this time amounts to approximately one billion dollars.

"4. The gold settlement fund has been created within the system which provides for transferring funds from one part of the country to another.

"5. The reserve system has provided a method of collecting checks and drafts which has largely eliminated the circuitous methods which were resorted to before inauguration of the system. The volume of checks handled by the system during 1926 amounted to 275 billion dollars.

"6. An open market policy has been developed by the system wherein it is possible, at least temporarily, to adjust any unusual credit situations that develop by either buying from or selling to the market.

"7. The Reserve System, through its monthly bulletin, has furnished the public with information in reference to its policies and operations which is not done by any other banks of issue.

"8. Under the leadership of the Reserve System, an American banking policy has become possible."

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Youngstown, Ohio

Insurance for Prosperity

By BERTRAM F. LINZ

EXCESSIVE state regulation of insurance is imposing a heavy burden not only upon the industry but upon the public as well. So members of the insurance group of the National Chamber were told at their annual luncheon meeting by Hon. Clarence C. Wysong, Insurance Commissioner of Indiana.

Commissioner Wysong warned his hearers to combat the present agitation for "state fund" insurance for workmen's compensation or automobile liability, declaring that the very moment that the state demands of the citizen that he carry one kind of insurance the "long march" has started, and more and more lines will be added, until, eventually, "the individual will be lost sight of, incentive for thrift will be wiped out, the Government will be in business and the ideals of our national structure will be swept away."



Clarence C. Wysong

A plea for a greater public understanding of insurance was voiced by Ralph S. Child of Bonbright & Company, New York, who pointed out that while practically every individual in the country is affected by insurance activities and the credit structure upon which our vast trade and commerce have been built up could scarcely stand were it not for insurance, there is little real knowledge regarding much of the work of the industry, preventive as well as protective, or of the financial operations of the companies.

Achievements of Year

OUTSTANDING accomplishments of the Chamber's Insurance Department the past year were the assistance rendered the insurance and business men of the District of Columbia in securing the abandonment by Congress of legislation creating a monopolistic state workmen's compensation fund for the District and the substitution therefor of a bill which provides no government-operated fund but permits employers to place their insurance with private carriers or to self-insure if able to meet the necessary financial requirements, and in aiding to defeat legislation increasing the special insurance taxes in all but one of the many states in which such increases were sought. The report was given by H. A. Smith, president of the National Fire Insurance Company, Hartford, Conn., and chairman of the insurance advisory committee, in discussing the activities of the department.

Encroachment upon the realm of insurance by the Government was fought vigorously during the year. Proposals to place the Government in the marine reinsurance business which were bitterly opposed by the Chamber were contained in two shipping bills introduced in Congress. The legislation was rewritten with the reinsurance proposal eliminated, but in its place a section which would permit the Shipping Board to insure in a fund of its own any legal or equitable interest held by the United States in any vessel constructed or under construction and also its interest in any plants or property in the possession or under the authority of the board. Such a provision, Mr. Smith pointed out, would have serious consequences, and the legislation will continue to receive the closest attention of the advisory committee and the Insurance Department.

The Chamber has so far successfully aided in preventing the extension to other states of compulsory automobile insurance following the adoption of such legislation by Massachusetts, feeling that compulsory insurance will not afford the proper remedy for the situation it is aimed to correct. In lieu of such legislation, the Chamber is advocating the national adoption of the Uniform Vehicle Code sponsored by the National Conference on Street and Highway Safety.

In his report, Mr. Smith paid special attention to the state insurance taxes, less than four per cent of the receipts from which are devoted to service to policyholders.

"Because they are hidden in the insurance premiums paid by policyholders, special insurance taxes are regarded as an easy means of satisfying the demand for additional general revenue necessitated by constantly increasing state budgets," he pointed out. "Since the tax is indirect, the policyholder does not generally realize he is paying it and, therefore, opposition to proposed increases is not so general as it would be if the levy were direct. Accordingly, the Insurance Department has carried on a program of education to emphasize the unfairness in the present system of levying these excessive imposts, far out of proportion to the amounts necessary to render an adequate service return to the policyholders."



H. A. Smith

Steady progress in other insurance activities of the Chamber was reported, including the program for coordination of Federal public health activities, the prevention of automobile thefts through the adoption of certificate-of-title laws or similar legislation, complete birth and death registration throughout the country, uniformity of supervision and regulation of insurance by the various States, fire prevention and health conservation.

Oppose Paternalism

MAKING one of the most comprehensive analyses of state regulation which has ever been laid before the Chamber, Commissioner Wysong urged the organization to continue its fight against paternalism, declaring that the framers of the Constitution never wrote into that document anything that could be used as a basis for the intensive regulation of detail which has grown up in some of the states.

Originally starting as an exercise of the police power, state regulation was intended to protect the policyholder, and the first taxes and fees were imposed for the sole purpose of reimbursing the state for the cost of supervision, he pointed out. But, he added, "from year to year, decade to decade, there has been added, as a condition precedent to a foreign company doing business in a given state, fees and taxes to be paid, until the amount has become monumental, so that instead of the insurance business merely reimbursing the state for the services rendered to the business, it has become a veritable producer for the state and vitally assists in the payment of the general expense of the state government.

"No private industry or business is so thoroughly regulated and supervised as the business of insurance, but unlike other near public businesses, it has been held that it could not be regulated by the Federal Congress. As a result all the regulations and laws must be by the individual states, and the number and varieties of these laws make it most difficult for an enforcement of the laws with fairness to all, and most difficult for companies to comply with these laws and

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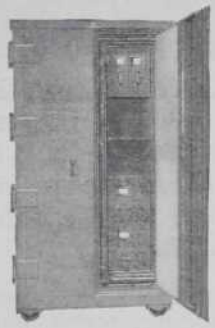


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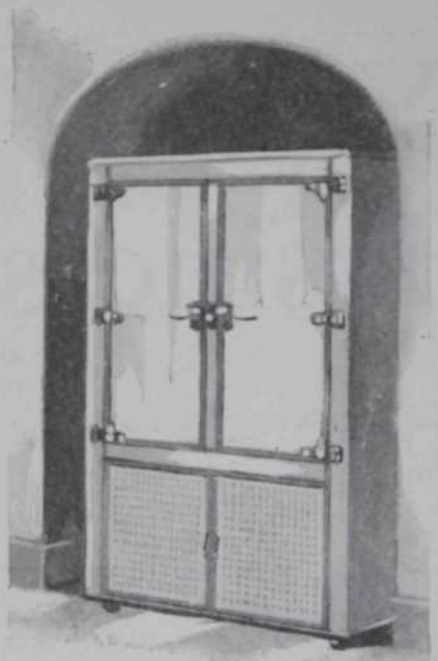


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MANUFACTURERS of the finest refrigerators use Parkerizing, not only to add rust-proof quality to iron and steel, but to supply the ideal base for the enamel finish.

You, too, can rust-proof every nut, bolt, spring, screw, panel—in fact any part of your product. Parkerizing improves the appearance, lengthens the life of usefulness and adds to the sales value of the article rust-proofed.

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bow to the statutory will of every state in the Union."

State regulation and taxation, as they stand today, affect vitally every person in the country, since the former has a definite influence upon the insurance business as conducted within the state and the latter is reflected in the premiums paid for all kinds of insurance.

Characterizing the present agitation for the entrance of states into the insurance field as an expression of the public's dissatisfaction with things as they are, Commissioner Wysong branded "state fund" insurance as a mythical panacea of politicians.

"Let none of us be misled as to the supreme success of state insurance," he warned, "nor let any of us be deceived, or lulled into security, on the promise that one step in that direction will do no wrong or will harm us in no way. Government has no place in business. The cost of the business of government in this country is the highest priced business that we have, and whenever Government embarks in any venture which can be, or is being, taken care of by private enterprise, then it is entering into a field never contemplated by that wise body of men who saw so keenly into the future and wove our basic law, the Constitution."

Insurance not only distributes among the many the losses which would fall with crushing force upon the few and furnishes reservoirs of capital for the development of a wide range of enterprises, but is also the foundation upon which, to a degree not generally realized, the whole economic structure of the country rests, Mr. Child declared in discussing insurance and the public.

Insurance Still Growing

THE size of the industry is stupendous. At the end of 1924 the total annual premiums on all classes of insurance exceeded $3,750,000,000, or about seven per cent of the national income during that year, while the grand total of resources of all of the companies was in excess of $13,000,000,000, equal to four per cent of the entire national wealth. The importance of the industry to government is indicated by the fact that in 1926, in addition to the regular property taxes which place it on a parity with other taxpayers, the sum of $80,000,000 was levied specifically upon insurance in special or distinctive taxes constituting a form of double taxation.

The great importance of insurance as a source of capital for individuals and industries is shown by the distribution of the assets of 350 life companies carrying substantially all legal reserve insurance as they stood at the close of 1927, Mr. Child declared.

The insurance companies at the end of that year had a total of $2,574,000,000, or 19.5 per cent of their assets, invested in railroad bonds and stocks; $3,717,000,000, or 28.2 per cent, in city mortgages; $1,999,000,000, or 15.2 per cent, in farm mortgages; $1,115,000,000, or 8.5 per cent, in government and municipal bonds; $1,019,000,000, or 7.7 per cent, in public utility bonds and stocks; and $208,000,000, or 1.6 per cent, in other bonds and stocks, while all other assets totaled $2,548,000,000, or 19.3 per cent.

Proves a Public Benefactor

"THESE figures indicate to what a marked degree insurance monies aid the cause of agriculture and the housing needs of cities, contribute to municipal and state improvements, help care for the growth of the railroads, and assist in meeting the ever increasing demand for public utility service," he pointed out.

"Thus the investment side of the insurance institution enters most vitally into the life and welfare of the public," he continued.

A careful survey of the insurance investment situation, he said, shows that this side of the industry has not developed the application of science as in the underwriting side, and there is indicated a need for closer cooperation among insurance investment executives to bring about a broader knowledge of the art of investment.

"Whatever may be carried forward in the application of science to investments will benefit not only the individual companies, but the entire insurance institution and consequently will strengthen the economic position of the nation as a whole, and so bind closer together the interest between insurance and the public," he explained.

Finally, Mr. Child asserted, there is a need of greater understanding of insurance by the public, especially of the part it plays in our economic life. The general public knows little of the part insurance plays in industry—the demand of lenders that property pledged as collateral be protected by insurance, the protection of contractors against accidents in the course of the work, the protection of costly merchandise, money and securities in shipment.

Few know that in 1927 claims for almost $100,000,000 were paid for automobile accidents, or that one company which in 1909 began the distribution of health pamphlets has distributed 13,000,000 copies of one pamphlet alone which dealt with tuberculosis.

The wider spreading of a true knowledge of insurance will materially strengthen the relations between insurance and the public.

Cunneen Succeeds Madden

THE resignation some months ago of James Madden as manager of the Insurance Department was brought to the attention of the group by Chairman Smith, who introduced Terence F. Cunneen, his successor. Mr. Cunneen was warmly welcomed by the insurance delegates, and urged that they take full advantage of the many opportunities for service offered by both the Insurance Department and the other branches of the Chamber, with which can be worked out problems affecting various phases of industry.

Trade Association Heads Meet

AMERICAN trade associations have been largely responsible for American business accepting in good faith the trust placed in it by the public, the Hon. Herbert Hoover, Secretary of Commerce asserted in speaking briefly to four hundred executives and officers of trade associations at the Eighth Annual Mid-Year Dinner of the American Trade Association Executives at the Mayflower Hotel in Washington the evening of May 9. Mr. Hoover was the guest of honor at the dinner.

The Secretary declared that in the past two decades trade associations had progressed from the point where they were trying to beat the Sherman Antitrust Act to a position of leadership today in promoting the very best of business ethics.

Mr. Hoover thanked the trade association executives for the assistance which they had accorded him in the conduct of his Department and declared that trade associations had been a real factor in any success which the Department of Commerce has had during the past seven years.

Trade association executives of the country represent in their National Government this desire as a tribute to the respect and regard they hold for Mr. Hoover on account of the unstinting efforts of the Department of Commerce to aid the trade association executives in their work.

Mrs. Margaret Hayden Rorke, Vice President of the national organization, presided at the dinner.

The annual meeting of the American Trade Association Executives will be held September 27-29, 1928, at a place—to be decided upon later—just outside New York City.

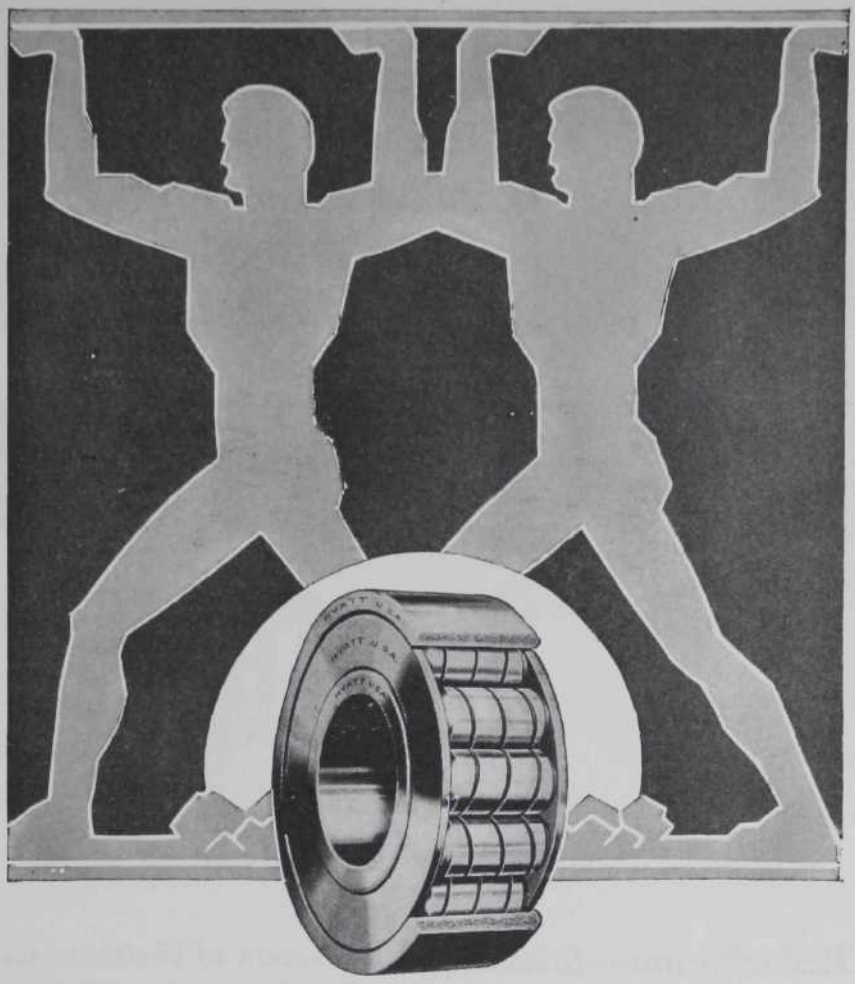
NACOS Meeting

AS USUAL with all meetings of the National Association of Commercial Organization Secretaries, the dinner Wednesday evening, May 9, was well attended and was filled with enthusiasm.

With the exception of an address by Mr. Julius Barnes, the entire program was most informal. Mr. Barnes in his message emphasized the availability of present-day opportunities in the whole field of American business.

Plans for the 1928 session of the National School for Commercial and Trade Executives, Northwestern University, Evanston, Illinois, were reported briefly. Every indication points toward the largest enrollment in the National School's history, and this in itself reflects the growing appreciation of the school's value to the man in the commercial and trade organization field.

Likewise there was presented a brief résumé of the plans for the next annual meeting of National Association of Commercial Organization Secretaries which is to be held in Nashville, Tennessee.



TEAMWORK *for Prosperity!*

WHEREVER Industry meets to discuss ways and means to reduce operating costs and increase manufacturing facilities . . . power-saving, time-saving Hyatt Roller Bearings are considered.

For Hyatts work shoulder to shoulder with the other mechanical parts . . . boosting operation to its highest efficiency, while minimizing maintenance costs.

Sturdy Hyatts do not flinch under load. Smooth rolling, they avoid friction, wear and power-waste. Infrequent lubrication is their only need. Repairs and replacements are rare.

Whatever Industry demands in profit-saving bearing performance, Hyatt Roller Bearings assure, unfailingly . . . with permanent satisfaction.

This teamwork . . . in industrial, agricultural, railroad, and automotive equipment . . . has made Hyatt a universal favorite.

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To those manufacturers who face the necessity of reducing manufacturing costs, who can maintain or increase their profits *only* by means of such reduction—we offer the services of our Division of

PRODUCT RE-



Reducing manufacturing costs through the use of Pressed Metal

Here, summarized briefly, are the primary advantages and economies our engineers have been able to effect for manufacturers in many industries through product re-development in Pressed Metal.

Lower Initial Cost of Parts

The savings in initial cost on a given part range all the way from 9 per cent to 25 per cent as compared to the same part in cast metal, but this is only the beginning—the savings on the finished part have been as high as 61 per cent. There is usually a spectacular saving in weight, a decided saving in machining, and a further saving in finishing. Totaled, they cut costs.

Less Machining

The greater precision of the metal-pressing process reduces machining costs to a minimum—and frequently eliminates them entirely.

Reduction of Finishing Costs

Finishing operations—such as sand-blasting, grinding, polishing, etc., are seldom necessary.

No Breakage Losses

Pressed Metal parts, unlike castings, are not brittle, and breakage ceases to be a cost factor.

No Misfit Parts

Not only are parts pressed from metal more accurate, insuring a perfect fit and eliminating loss of time required to "match up," but they *do not warp*.

Lower Handling Costs

The decreased weight of Pressed Metal makes handling easier, faster, cheaper—in some cases reducing by 50 per cent the labor cost on a given operation.

Lower Freight Costs

In spite of their greater strength, Pressed Metal parts are so much lighter as to make a material saving in transportation costs.

Improving the Product and Increasing its Saleability

Pressed Metal is unique in that it can effect a reduction in manufacturing costs, improve the product, and make for greater saleability—all at the same time. Pressed Metal re-development is showing these definite results:

Greater Strength—a characteristic of Pressed Metal parts as compared with castings.

Longer Life and *Greater Efficiency*—because of the accuracy with which Pressed Metal parts can be made, and because of better design which this exactness makes possible.

Better Finish—The smooth, clean surface and uniform thickness of Pressed Metal lends itself perfectly to any type of finishing.

On the page opposite you will find specific examples from the records of our Division of Product Re-development.

Youngstown PRESSED STEEL *Company*

Philadelphia:
1314 Franklin Trust Bldg.

502 University Road
WARREN, OHIO



DEVELOPMENT

..an engineering service in original design or re-design to decrease cost, improve product and increase saleability through new application or more efficient use of Pressed Metal.

Examples of reduction in cost through the use of Pressed Metal . . .

New Markets Opened Up

Nine major parts in a nationally known water heater were made of cast iron. Lower manufacturing costs were necessary to increase sales. Our engineers redesigned this heater. The nine parts were made of Pressed Metal with these results—the total weight of the heater dropped from 244 pounds to 134 pounds. All breakage and machining was eliminated and the assembling operations were greatly speeded up.

And most important, the lower price of the re-developed heater opened up new markets. Sales were materially increased.

Weight Reduced 53%

A gasoline pump manufacturer formerly used a cast iron base that weighed 64¼ pounds. After our engineers had re-designed the part, its weight was reduced to 30 pounds—a 53% reduction. The cost of the base was reduced 60%.

Finished Machine Costs Reduced

A bottle washing machine containing 79 bottle-holder frames was redeveloped by our engineers into Pressed Metal. The result was a saving of over $60.00 in the manufacturing costs of each machine—approximately 10% of the total cost. Re-development gave this manufacturer extra money for more intensive selling.

Costs Cut 60%

A cast iron part used by an equipment manufacturer required five distinct machining operations. When the parts were "Pressed From Steel Instead" no machining was required and the total cost was less than the machining alone.

Original Design Outstrips Competition

Pressed Metal has equal advantages in *original design*—as one of the largest washing machine manufacturers has discovered. Our engineers, by adapting the machine to Pressed Metal, played a major part in developing the new model. As a result, this manufacturer was placed in an enviable competitive position.

A Re-development Service for You!

Our Division of Product Redevelopment is prepared to make a complete study of your present or contemplated products. This engineering service is available to you without obligation. It is suggested that you write us for an appointment.

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502 University Road
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Manufacture and Unemployment

By L. W. MOFFETT

RESOLUTIONS looking to teamwork for prosperity were unanimously adopted at the Department of Manufacture luncheon meeting May 8, in the large ballroom of the New Willard Hotel. William Black, president of the B. F. Avery Sons Company, Louisville, Ky., presided. An attendance of approximately 175 delegates manifested eager interest in the proceeding.

Both resolutions were introduced through L. S. Horner, national councilor, New Haven, Conn., Chamber of Commerce, and president of Niles-Bement-Pond Company. The first resolution concerned "Teamwork in the Manufacturing Industry and Industrial Expansion," and the second related to "Price Hammering and Price Cutting."

Uniform Cost Accounting

TAKING note of the tremendous development of the nation's industries, with its resultant excess of productive capacity and unnecessary loss and waste, the first resolution stressed the necessity of knowing the true cost of production and distribution based upon uniform cost accounting for a given industry and the necessity for a distribution to members of industries and the public through trade associations of reliable statistics covering current facts on orders, shipments, stocks, etc. Chambers of commerce interested in promoting new industries for their communities were asked to consider such current economic facts before encouraging development of additional capacity in any given industry.

The other resolution recognized that the Chamber of Commerce of the United States has adopted and recommended for general use broad principles of ethical business conduct, and pointed to prevalent "price hammering by buyers and price cutting by sellers." It declared that a system of firm prices and bids would not lessen competition and its accompanying benefit to the public. Trade associations, chambers of commerce, and the business press were urged to use their influence to create a widespread sentiment in favor of such a system of firm prices and bids under which prices and bids would not be reduced after they had once been submitted.



Donaldson Brown

These resolutions were adopted following the presentation of three formal addresses. The first, "Teamwork for Prosperity in a Consumers' Market," was given by E. J. Mehren, vice-president, McGraw-Hill Publishing Company, New York. The second, "Forecasting and Planning—Vital to Industrial Prosperity," was presented by Donaldson Brown, vice-president, General Motors Corporation, New York. The third, "Labor Conservation—Teamwork for Lower Costs of Production," was prepared by C. S. Ching, president, American Management Association, New York. In his absence the paper of Mr. Ching was read by W. J. Donald, director of the American Management Association.



Edward J. Mehren

General discussion followed the presentation of the papers of Mr. Mehren and Mr. Brown, the former attacking the "craze for volume" at the sacrifice of profits, and the latter detailing methods of planning and forecasting, and the gathering of trade information to give stability to industry.

Shrinking profits in spite of growing industrial prosperity were declared by Mr. Mehren to be far the most ominous trend in business. Condemning what was termed the craze for volume, Mr. Mehren spoke of the seeming preference for volume rather than profits, resulting in ruinous prices.

"We fail to realize," he said, "that the law of diminishing returns cannot be flouted. The nearer we get to perfect performance the smaller the gain for given effort. It can't be escaped. The top business costs more than it is worth and only injects an undesirable color scheme into our balance sheets."

As remedies, Mr. Mehren suggested two courses: First, adoption of a beneficent propaganda "for spreading a fire of sound business doctrine the country over, and for creating through trade associations and chambers of commerce a country-wide sentiment for restoration of fair profits as our business goal"; second, insistence by all sellers upon seeing all submitted prices in order to discover any "slick" methods, such as the use of dissimilar blue prints, that buyers may adopt in pitting one bidder against another.

This and kindred practices were branded as a form of guerrilla warfare which had developed "price cowardice." Prices, once submitted, it was said, should be maintained. The manufacturers were told that they should put their own purchasing right, if it is not already so, and that the reformation will have been started.

Expressing the belief that some day American business and industry will approach the ideal of stabilization sufficiently to free them from the bogey of the business cycle, Mr. Brown said that when this is done it will be largely due to closer and more economical control of industrial merchandising operations that will follow a better appraisal of ultimate consumer demand.

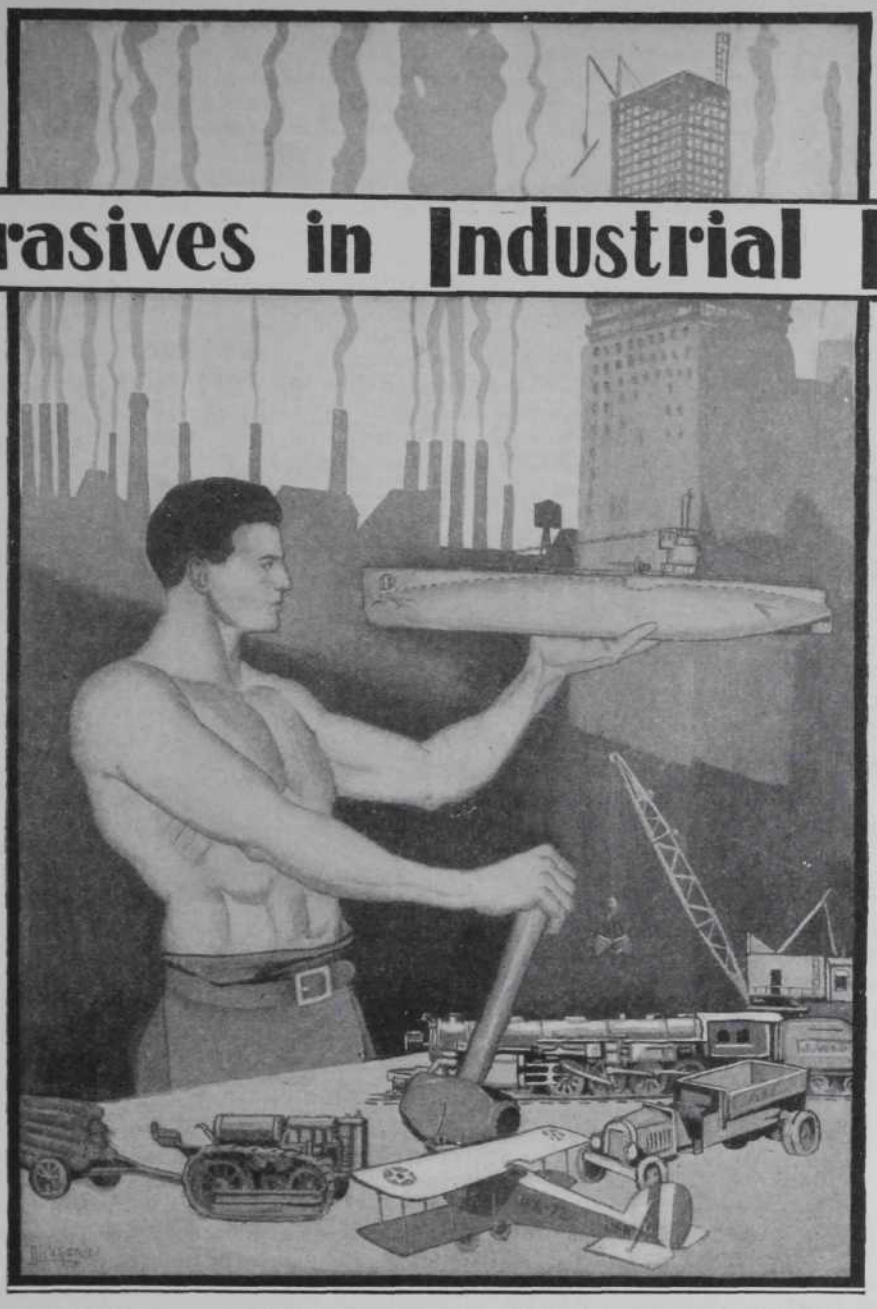
"And intelligent forecasting and planning—vital to business prosperity—is the mechanism to bring this about and to remove the unnecessary hazards from the course of American business," he declared.

Business Cycle Obsolete

CITING the experience of the General Motors Corporation in its system of forecasting and planning, Mr. Brown expressed the view that the business cycle is an effect rather than a cause. Conversely, he was not in sympathy with those who still regard "the scrawling of the business cycle as almost the handwriting of fate, dictating good business or bad." With the existing facilities in the banking structure, he said, there can be no cause for major disturbances of the business cycle except as brought about from conditions of business itself. Fluctuations of any serious consequences in the business cycle were attributed to lack of knowledge and to errors of judgment on the part of business management.

The experience of the General Motors Corporation in forecasting future consumer demands and planning and controlling activities in accordance with the indicated expectations, Mr. Brown said, led him to believe that it constitutes a distinct step toward the stabilization of the automobile industry. Forecasting and planning were declared to be nothing more or less than a system of control whereby production, purchases of materials, and the employment of capital are

Abrasives in Industrial Progress



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Norton Electric Furnace Abrasives, important agencies in the making of the machinery of commerce and production the world over.

In the constantly expanding domain of machinery about which the progress of the human race centers, the influence of abrasives in industry is constantly widening. Abrasives are today outstanding factors in low cost and high rate of production of machinery and tools.

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The basic materials of the grinding wheel have been turned also to other uses, such as the manufacture of Refractories and Laboratory Ware, Non-Slip Floors and Porous Plates for sewage disposal.

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Grinding Wheels
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The Elbow Room



83,514 Square Miles

WHEN executives start analyzing the Carolinas industrial growth and tremendous yearly output, their first reaction is apt to be an impression of congestion.

They lose sight of the 83,514 square miles to be congested. Granted that the Carolinas may almost equal New England in textile production, Massachusetts, Connecticut and Rhode Island have a combined area of only 14,555 square miles.

In those 83,514 square miles of the Carolinas there is still a wealth of untouched small towns and communities that possess all the requisites for successful manufacturing.

[Full information about them is at our finger tips. Just write us.]

Carolina Power & Light Company
INDUSTRIAL BUREAU — RALEIGH, NORTH CAROLINA



coordinated with the sales requirements.

Budgetary control was described as an apt phrase except that it is likely to imply a rigidity that must be guarded against. Flexibility is a prime requisite, the speaker said, so that there may be quick response, and thus the possibility of adjustment throughout the system to the requirements of changes of situation that are inevitable. The focal point of the General Motors system was said to be the sales outlet. The group was told that the flow at this point must be gauged and every other activity coordinated with it. Ultimate consumer demand was named as the absolutely fundamental factor controlling the sale of any product.

Unemployment was declared to result adversely only when industry fails to grasp the opportunity of increasing diversified production and building additional consuming power by the employment of the labor thus rendered available. A knowledge of consumer needs and adaptability in meeting them was said to be required to take constructive advantage of such an opportunity.



C. S. Ching

Unemployment which results from a temporary curtailment of production was called an unmixed evil from the economic standpoint. Mistaken appraisal of consumer demand, seasonal fluctuations, style changes, the development of substitutes, or insufficient information regarding accumulated stocks were listed as some of the causes of overproduction, forced curtailment and unemployment.

It was asserted that had there been a way to detect the true state of demand, the period of inflation and overproduction in 1919 and 1920 and the subsequent depression of 1921 would never have existed. One reason why the automobile industry was among the first to recover from the 1921 depression was declared to be that the automobile manufacturer, with nothing between him and the consumer except a dealer organization, differs from industries farther removed from the ultimate consumer.

Business Forecasting System

THE General Motors system, said Mr. Brown, consists of two fundamentals in planning, one of a statistical and the other of a constructive character. The former is directed toward ascertaining sales and sales forecasts from dealers and other facts. The constructive efforts concern "long-term" and "short-term" factors of influence.

Among the "long-term" factors of influence, Mr. Brown stated, are those relating to consumer appeal in style, functioning, serviceability, etc., the engineer and sales forces working hand in hand. "Short-term" factors of influence on demand were named as those that may be quickly called into play to offset unfavorable developments and include special sales stimulus, more intensive advertising, or even under-pricing, whenever these seemed called for by a falling off in anticipated demand.

Mr. Brown said that the stabilization of a multi-stage industry appears to depend largely upon the proper regulation of commitments in the first stage in accordance with retail demand, subsequent synchronization becoming a matter of one stage keeping in step with another, provided there are proper methods of forecasting and planning.

Too Much Volume-Seeking

IN THE discussion Mr. Horner declared that outstanding causes of the fallacy of price without profits concern recognition of responsibility of each executive to his industry and a price level based on volume regardless of whether the price level shows a profit. The remedies he suggested were expressed in the resolutions.

Mr. Horner said that the Chamber of Commerce of the United States is a potential power in industry little recognized and used as yet, but growing in importance as executives in industry become better educated in better business policies.

He asserted that there is a crying need for outstanding leaders to step into the open and lead the way to better, saner and more honorable methods of conducting their business and education of executives not so well informed.

Milton L. Lissberger, president, Marks, Lissberger & Son, Inc., Long Island City, N. Y., commended the General Motors Corporation for being one of the first business organizations to stop the pounding down of prices. He strongly criticized purchasing agents who indulge in this practice and declared that in doing so they bring harmful effects upon their own industries. While all organizations, he said, cannot go to the expense that General Motors does in gathering statistics, Mr. Lissberger urged that executives and trade associations gather business data on a broader scale than is done at present. Such a system, he said, would be important in preventing the hammering down of prices.

Such information also was asked for by Adolph Mueller, president, the Mueller Co., Decatur, Ill. Mr. Mueller declared that production must be adjusted in accordance with changes in requirements and that facts must be obtained to denote such a trend. Former President Taft, he said, inspired organization of the National Chamber so that the Government could help business. The Chamber was pronounced by Mr. Mueller to be the greatest force extant in helping business.

When the resolution for the gathering of trade information was read, one delegate objected that such statistics do not



Competition Demands

that we serve *this 6 billion dollar market* from within

GREATER INDIVIDUAL purchasing power, increasing population and new and favorable sectional rate structures are changing the marketing map of the nation. Sharply defined marketing areas have appeared with a combined buying power that is demanding new standards of service.

Alert business analysts have turned to industrial decentralization as an economic necessity in meeting competition *within* these areas, and in reducing the rising cost of marketing.

Pre-eminent as one of these major marketing areas, is the Great Southwest, with a population of 12 million and an annual purchasing power of 6 billion dollars. Here is a self-contained unit market with population and buying power that is *now* more than sufficient to safeguard Industrial investment.

Already 1365 far-visioned American Institutions have chosen DALLAS as the logical Industrial and Distribution center from which to serve this wealthy trade area. They chose Dallas---because of its advantageous central location in relation to the territory, population and buying power of the Southwest.

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The complete story of how Dallas is prepared to assist Industry in economically serving the Southwest, as well as a complete market analysis of this section, is available to interested executives. Seven distinct pieces of literature, built on facts supplied by recent surveys of two leading American Industrial engineering firms, are ready for distribution (see list at right). Any or all of the seven will be sent on request. Please address:

Industrial Dallas, *Inc.*
1106 Chamber of Commerce Bldg.
Dallas



Dallas

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Reasons Why Dallas

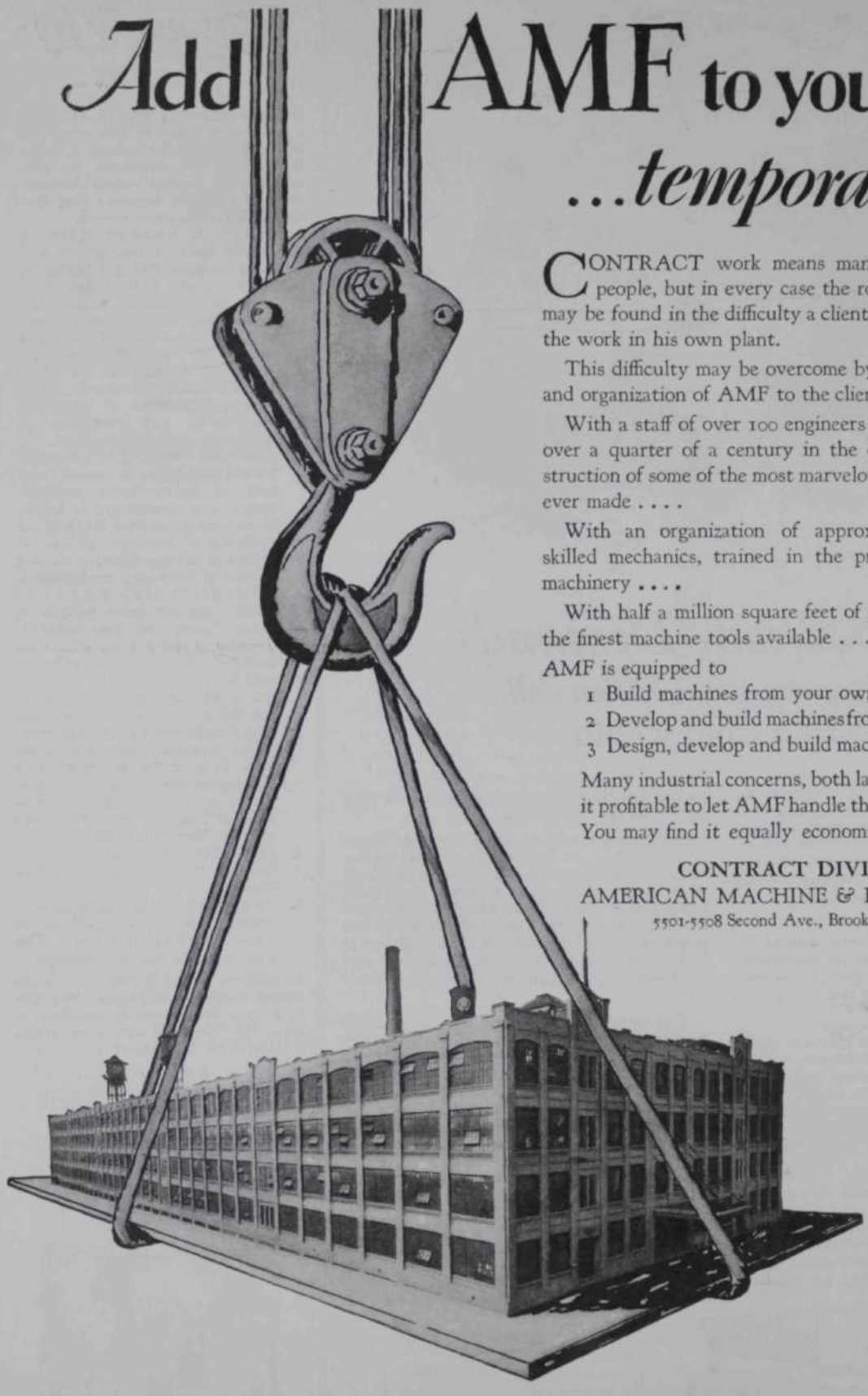
Dallas is presenting FACTS to American Industry based on two surveys of the Southwest and the facilities of Dallas to serve it. All statements are substantiated by the two leading American firms of industrial engineers that conducted these exhaustive surveys.

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4. MANUFACTURING FACILITIES: An exhaustive analysis of Labor, Power, Fuel, Raw Materials, Taxation, Factory Sites, with comparative costs for various industries.
5. DALLAS AS A CITY IN WHICH TO LIVE: An interesting descriptive and pictorial study of DALLAS as a place in which to live and work. Dallas, frequently referred to as the New York of the Southwest, with its amazing sky line and lively bustle, is a revelation to those who think of Texas in terms of the cowboy and longhorn cattle.
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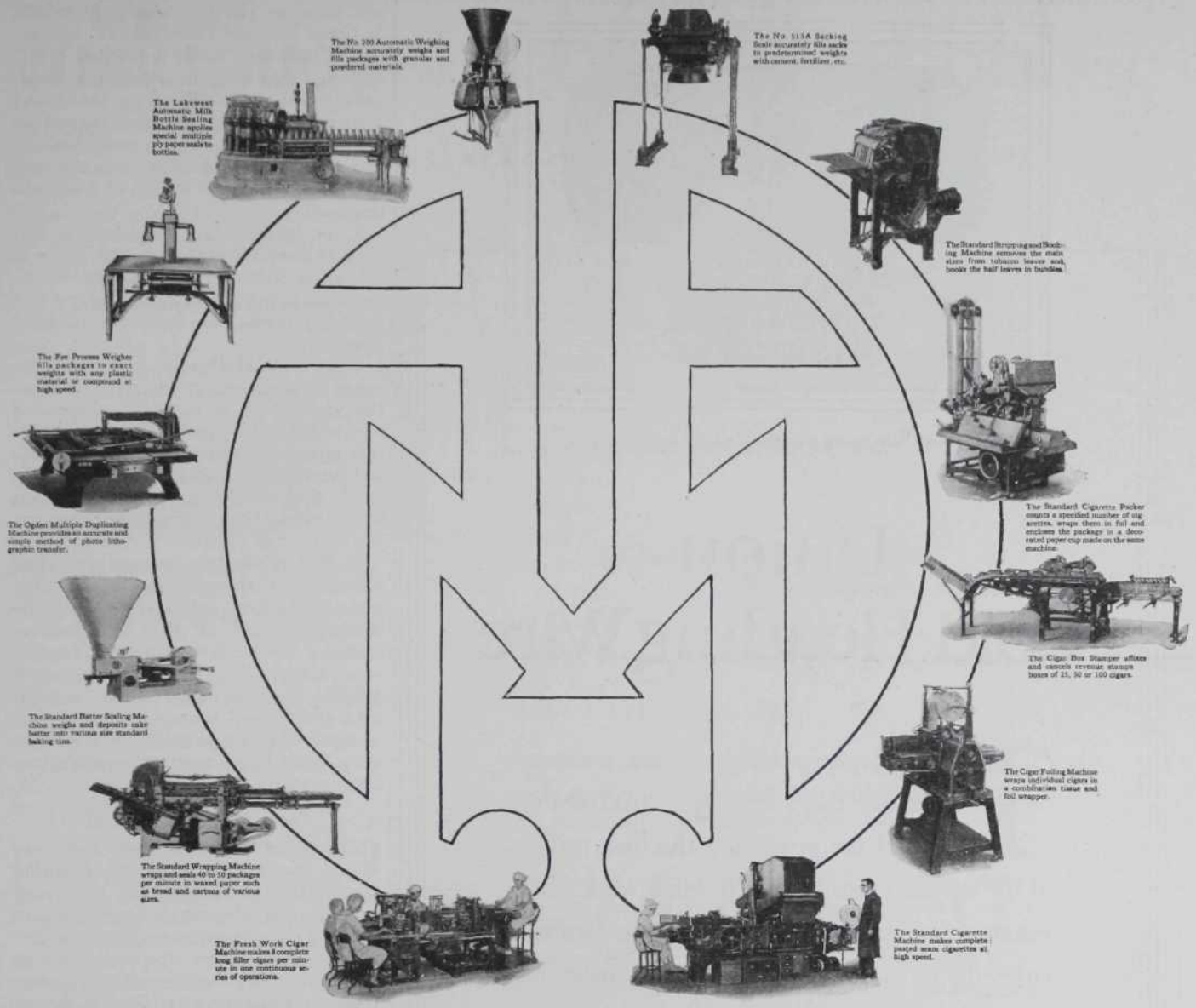
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AUTOMATIC machinery is the fundamental basis of modern production methods of manufacturing. Without automatic machinery all industry would still be in the Eighteenth Century stage.

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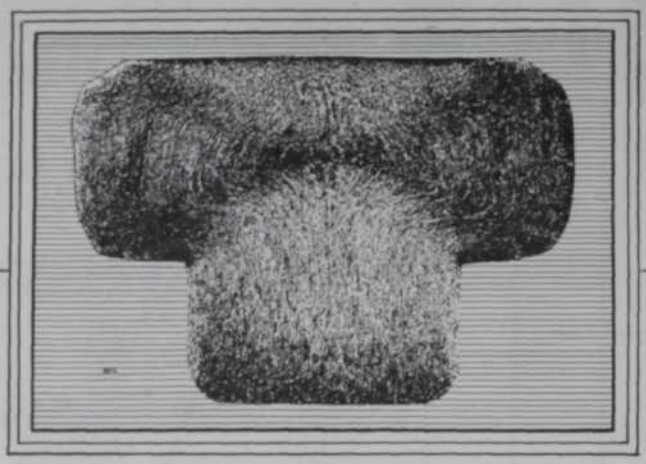
In each case the primary motive back of the development of these machines has been the desire to develop a means of making a better product more quickly and at less cost than could possibly be done by human hands alone.

Possibly some of these machines will help you cut your production costs. Your inquiries are solicited.

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Microscopic view showing grain flow in the cold heading operation

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THIS organization has made a careful study of the microscopic structures required for producing the best results in the various types of cold heading work. Our extensive annealing and cold drawing facilities enable us to supply steels of superior quality for the most difficult cold heading operations.

Union Cold Heading Wire is uniformly free from seams, laps, pipes or other defects. It will not crack under the hard blows of heading machines nor will formed heads come off under severe service conditions.

UNION DRAWN STEEL CO., *Beaver Falls, Pa.*

UNION DRAWN STEELS

mean anything and require much time and expense. E. F. DuBrul, president, National Machine Tool Builders' Association, Cincinnati, made a spirited reply, declaring that trade information is invaluable but that the difficulty is that many executives who get business facts neither read nor use them. With some heat he asserted that the objection made was only too much like a cross section of American business.

Later, in discussing price cutting, Mr. DuBrul complained that there is a lack of "intestinal fortitude" on the part of business men in maintaining their figures and that the result has been the bringing down of profits.

George D. McIlvaine, National Suppliers' Association, Pittsburgh, said that the problem of distribution is becoming more intense daily but that men are getting into distribution who are not qualified by either education or capital. Mr. Black said that it is becoming increasingly evident that manufacturers are not paying enough attention to distribution.

E. W. McCullough, manager of the Department of Manufactures of the National Chamber, and secretary of the meeting, pointed out that the Chamber acts as a clearing house for trade associations, that it has friendly contact with 850,000 business organizations, individuals, government sources, etc., and that its material is non-partisan and is distributed freely to all member organizations desiring it.

New Machinery Vital

INTRODUCTION of new machinery and improved methods of production was declared in the paper by Mr. Ching to be the one thing which has raised man from the mere existence level to economic independence. Those who would limit or restrict it in any way are fighting against industrial progress and striking at the basic cause of the present high standard of living.

"A manufacturer who neglects it is courting business failure; a nation which forgets or denies its benefits is headed toward industrial stagnation."

Concerning the necessity of teamwork and confidence between wage earners and management, the point was made that the economic revolution in this country in the last few years found its real contributing factor in the increasing realization on the part of management that the greatest results from the introduction of new methods can be obtained only when the wage earner, management, stockholder and general public share in the benefit derived from the greater output of goods.

Progress women are making in manufacturing lines was briefly outlined by Mrs. Sophia Delevan Cowles, president, Chicago Women's Association of Commerce, and Illinois Women's Manufacturers' Association.

She emphasized the value of organization and its necessity for women in keeping pace with men. She asked that the Chamber assist women as much as it can.

Facing the New Competition

(*Continued from page* 29)

ical or legislative. The courts and the legislatures are not the places for fighting the new competition. If we want the Government to stay out of business, let us not rush to it for legislation to handicap our competitors. The Federal Trade Commission and the Interstate Commerce Commission exist to destroy unfair competition, not to create it.

Let business deal honestly and fearlessly with its own offenses and offenders. Let it expect and receive from the Government only the highest ideals of public service—and welcome sincerely the cooperative economic intelligence and guidance which the Government has to offer.

What American business most needs now is a new Magna Charta—a declaration of its rights—and a summons to its duties. May I respectfully suggest some clauses for such a Magna Charta?

Business is an economic institution organized to provide the nation with the maximum of goods, of leisure and well-being, with the minimum of effort. Its problems are economic and cannot be solved by political means.

Business has a right to free activity without hindrances so long as it achieves its economic purpose. It must be free from the burden of unnecessary legislation and litigation and from harassing by officials with motives other than the public welfare.

Business Has a Public Duty

IT IS the duty of business so to conduct itself that its actions could at all times undergo public scrutiny with honor.

It is the right of business, on the other hand, to reserve for itself privacy as a protective competitive measure and, on the other hand, to influence the public in its favor by any available means, so long as it uses only the truth; so long as adequate means are available to all elements, and so long as those means remain uncorrupted and incorruptible.

It is the duty of business to clean its own house and it has the right to expect the utmost in cooperation from the public and the Government. But it is the duty of the Government, when business fails in its duty, to devise sound economic measures for regulation and to enforce them without fear or favor.

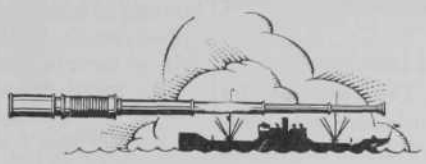
Such rights and duties cannot exist in an atmosphere of petty political intrigue or under an antiquated jumble of legal restrictions. Business cannot keep up with the new competition so long as the laws which regulate business do not keep up with the new competition. Business cannot live and perform its economic duties to the nation when it must fear and attempt to conform to principles devised economic aeons ago and which have since been confused and distorted by economic ignorance and misunderstanding. The new competition demands a new economic statesmanship.

Here,

Mr. Secretary of Commerce,

is the answer of one industry

No. 5 of a series inspired by the report of Secretary Hoover's Committee on Elimination of Waste



Foresight and Farsight in Purchasing

AT Western Electric a highly trained purchasing staff is the "lookout" that guides the purchasing for practically the entire telephone industry.

The basis for all this is the unique relationship between Western Electric—which purchases, manufactures and distributes—and the Bell System, which utilizes the nation's telephone equipment. This great telephone system computes and transmits to Western Electric a general view of its requirements five years ahead, detailed schedules one year ahead.

To meet such long-time planning this Company must make sure in advance of its sources of supply. Before any source dries up it must seek another, perhaps at some remote corner of the earth. When a shortage of one material threatens, it must find another material every bit as reliable. It also must buy at prices which are fair to the seller, in order that he may remain a reliable source of supply.

This purchasing control correlates material with machinery of production, it avoids excessive inventories, it is an important factor of economy.

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111 Industries to date! Among them the world's largest artificial silk mill and other big manufacturing plants, some the largest of their kind in the South —all located in this comparatively young Virginia city.

Bear in mind that in 1880 Roanoke had only 669 inhabitants. Then suddenly its unique industrial potentialities were realized! In four years new business enterprises stepped up the population to 5,000. Six more years raised it to 16,000. Today, its community population totals 80,000.

Exactly what is the cause of this amazing influx of new industries and branch warehouses? What is it about Roanoke that gives industry the whip-hand over many vital production and distribution factors that often buck out of control in other less fortunate cities?

We have compressed the complete story in the "ROANOKE BRIEF." Write for it today on your business letter-head. Experts in city layout are now engaged in preparing plans for Roanoke's future industrial growth and a completed expert Industrial Survey permits us to provide most accurate and detailed industrial data. Here may be the logical place for your new plant or branch warehouse. Address:

Chamber of Commerce
207, JEFFERSON STREET

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Springtime in Old Virginia! Now the winding highways and mountain sides are clothed in their fresh, soft greens and the air filled with the fragrance of spring. Visit this beautiful and historic section by motor. Write today for the authoritative tour booklet "The Log of the Motorist through the Valley of Virginia and the Shenandoah.

CHAMBER OF COMMERCE
207, JEFFERSON STREET
ROANOKE, VIRGINIA

Business—in Congress Assembled

(*Continued from page* 12)

was the group topic, with Samuel O. Dunn, editor of the *Railway Age*, slamming Congress hard for intruding politics into railroad rate regulation, and driving out of public life such capable officials as Mr. Esch, late of the Interstate Commerce Commission.

At the Washington Hotel, the Natural Resources group, under the chairmanship of Mr. Sloan of Brooklyn, was demanding adherence to a uniform national power policy, and an end to the practice of making political capital of water power. This group, which expressed the conviction that the fertilizer and power industries should not be forced to absorb the shock of the United States Government in business at Muscle Shoals, put its feelings into a set of resolutions. This was but one of many echoes of the Chamber's opposition to Uncle Sam going into the field of private business.

The fourth group meeting of the day was at the Willard, where Julius Klein, former Secretary of Commerce; William C. Redfield and E. B. Filsinger discussed foreign trade problems, and urged the abolition of import and export restrictions which still hamper American business.

* * *

That night the teakwood floor of the Council Chamber reflected an attractive picture, the annual dance of the Chamber. Business men from far and near, with their women folk and their hosts and hostesses of the Chamber's organization in Washington, kept step to the wailing saxophones and the staccato drums, in a kaleidoscope of color. Hundreds who did not dance or did not choose to dance, as a high authority might put it, looked on, joined friends in the smoking rooms or got ready for the business to come.

* * *

Wednesday began with the annual breakfast, at the Willard, for Presidents and Secretaries, but interest rapidly transferred to the general session in the Council Chamber where Silas Strawn, President of the American Bar Association and head of Montgomery Ward & Co., and Roy Johnson of Casselton, N. D., "Master Farmer," were making addresses on "Business and the Law," and "Making the Farmer Prosper," respectively.

Apathy Toward Politics

MR. STRAWN told them to their faces that the greatest peril to the country today was the indifference and apathy of business men toward problems of government, local and national; and that business men generally would have to pay a lot more attention to what was going on in Congress and the legislatures if they were to continue to prosper.

"The Master Farmer" had one of the big topics of the day and one of the most interested audiences. He was optimistic, though he wondered why men continue to stay on farms with the small profits farms bring. And he emphasized the necessity for a national agricultural policy which would tend to stabilize the industry, and give the farmer a chance to know where he stood from month to month and year to year.

That afternoon was taken up with another series of group meetings, with agriculture to the fore, at the Mayflower Hotel, Civic Development and Progressive Finance under discussion at the Washington, and Insurance and Progress in Industry up for a thorough combing over at the Willard. Prof. Thomas S. Adams of Yale denounced the high corporation tax as unjust and discriminatory, and called for a 10 per cent tax as ample.

Looking Ahead for Business

DONALDSON BROWN, a vice-president of General Motors, had a good deal to say on "Forecasting and Planning," and in saying it put General Motors financial secrets right out on the table, just to illustrate how planning is done nowadays. It was an interesting revelation of the new note in business, the disappearance of mystery and secrecy.

* * *

Apparently no set of men in all America has such a faculty for combining nourishment and business as American business. There were three separate dinners on Wednesday night, though one of them, the dinner for the "Exes," given annually, was for fun—serious stuff barred. There were songs and skits by the Chamber's staff—all original. They were amusing. I heard them myself.

* * *

Thursday began in the general session with Alfred Reeves talking about how teamwork has paid in the automobile industry, and O. H. Cheney, Vice President of the American Exchange Irving Trust Company, speaking on "Facing the New Competition." We learned from Mr. Reeves that there are 23,000,000 motor cars running around in this country, with no sign of a lessening demand. You could hear the automobile men chuckling all over the house. Mr. Cheney pointed out the new competition between whole industries, and that there was lack of machinery for regulating it. The textile industry was suffering, I learned, because, among other troubles, it simply had not been able to persuade the ladies to lengthen their skirts.

On Thursday, also, there was an aviation luncheon, which this observer reached by lively stepping, and in time to hear the Postmaster-General of the United States predict that American air-mail pilots will be carrying mail 30,000 miles a day over 13,000 miles of air routes by the end of this year.

* * *

There was drama in the annual dinner on the night of May 10. Unexpectedly to many, including this writer, a trim and good-looking middle-aged man, controlling perhaps the world's greatest for-

tune, came into the dining room hard after notifying the principal officer of one of the great oil companies that he would have to get out of business life—or at least any business life influenced by John D. Rockefeller, Jr. That was who it was, and the Chamber rose to him with a mighty cheer and a handclapping. His appearance was dramatic, because his ultimatum to a leading oil corporation official came so pat after Judge Parker's demand at the opening session that business do its own housecleaning. Owen D. Young, of General Electric, introduced Mr. Rockefeller, but the guest had not come to make a speech. He made a neat bow and sat down to hear others, gratified, it seemed, with Mr. Young's brief allusion to him: "Conservator and distributor of a great estate; exponent and defender of high standards in business and elsewhere; promoter and supporter of worthy educational and charitable enterprises in every country in the world."

Climaxing the sixteenth annual meeting, the dinner of the Chamber was probably the most brilliant in its history, and the most notable in personnel. Fore and aft, front and back, were the leaders of American business and the good soldiers in the ranks—big cities and small towns.

The speechmaking was attended to by the retiring President, Mr. Pierson, and by Dr. Alberto Pirelli of Milan, Italian tire and rubber manufacturer and President of the International Chamber of Commerce. Mr. Pierson looked ahead, predicting closer cooperation on the part of business, labor, agriculture and finance.

Criticized American Tariff

DR. PIRELLI, from Mussoliniland, said that the United States, having placed in Europe about 30 per cent of this country's foreign investments, is now definitely interested in European prosperity—and he hit at American tariff policy "for not taking into account new forces which were altering the old course of international economic exchange."

* * *

The final gong sounded at lunch time on Friday, May 11, and I heard it with pleasure. I had found that it takes more training than a newspaper reporter gets to keep step with these business men. I had kept a record of what went on—23 sessions in four days, not to mention small, special conferences, and 65 long speeches, not counting bits of introductory talk. I was beginning to feel fagged and to get gray around the gills, and many of the delegates were not quite the men they were the first day.

For the better part of a week they had toiled (and there is no harder work) from eight in the morning until midnight or later, every day, and the morning and the evening were as one day.

It's a wearing business to serve your fellow man, not to speak of your fellow woman—with no reward and small hope of commendation. To do it takes, among other things, a darned good citizen. And that was what all of the meetings and all of the speeches boiled down to, so far as this reporter was concerned.

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—when you're writing a letter



Crane's Bond always wears fresh linen, polished shoes and a suit cut by the best tailor in town. . . It's you—when you're writing a letter.

Indeed, more than that: every letter that goes out of your office—the texture, the feel of it—reflects the dignity and standing of your business.

It's no accident that executives and professional men are specifying Crane's Bond for their more important correspondence. The dollars and cents *prestige* value of a quality letterhead is becoming so widely understood.

No one can mistake the quality of Crane's. It's a 100% new white rag paper—sturdy, crisp, tough, *distinctive.* It creates unerringly the precise impression you wish to create. . . And the extra cost, after all, amounts to so little.

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Teamwork for Prosperity

(*Continued from page 16*)

between acts which are alleged and criminal on the one hand, and acts which are simply unmoral on the other. Those whose conduct falls within this zone, whose acts, while within the law, are repugnant to the public interest, must be branded as social outlaws.

We are here concerned in awakening the seemingly dormant business consciences of many of the stockholders of corporations who, through non-action, impliedly place the seal of their approval on the acts of their offending agents. All such owe it to themselves, to the profession of business, and to the Government, publicly to repudiate those who misrepresent them. They cannot accept the profits flowing from corruption and escape the moral stigma which inheres in such profits. Neither can they permit those who act for them, personally to profit through corrupt corporate transactions or shield others who do.

> "TO achieve prosperity we must invoke a teamwork that is all-embracing—a teamwork that translates and gives dynamic effort to the professed conviction of this Chamber that whatsoever is not for the public good is not for the good of business"

Another of the principles of business conduct provides that

Corporate forms do not absolve from or alter the moral obligations of individuals.

An established corporation has a personality, all its own. It possesses character and individuality. It is a composite of the individuals, whatever their rank or station, who control, direct or manage it. Individual responsibility is not lost through corporate action, but on the contrary, is increased in exactly the ratio that the influence exerted through corporate action exceeds that of independent individual action. An enlightened self-interest will prompt the great body of stockholders to delegate responsibilities only to men who realize that while acting in a representative capacity they owe obligations not only to their stockholders but to others—to employes, to the public which they serve, and even to their competitors—which obligations neither they nor their stockholders can escape through the creation of the legal fiction of an artificial person.

Business, Just Realm

THIS Chamber is committed to the principle that Government should not enter the realm of business to undertake that which can be successfully performed in the public interest by private enterprise. This principle is politically and economically sound. We are here concerned in pointing out to business men everywhere that this principle is in far less danger from the propaganda of radical agitators than from the members of the business profession who are faithless to their obligations, who break down public confidence, and who provoke Government regulation!

Congressional investigations of particular business activities are sometimes bitterly denounced. Many Congressional investigations are of the highest value to the public, including business. The demoralization to legitimate business that sometimes follows in their wake can be largely avoided by organized business doing its own investigating, and frankly and fully laying all pertinent facts pertaining to any business affected with a public interest before the Tribunal of Public Opinion. A business which cannot stand this acid test is not entitled to prosper. The public, which is entitled to know the facts, will be satisfied with nothing less. Organized business should itself perform this task in its own and in the public interest. Failing to do so, Congress should and will act.

This Chamber—the federation of American business—is vitally interested in promoting sound trade, but not directly interested in promoting the fortunes of any trader. With an organization membership of more than fifteen hundred chambers of commerce and trade associations, and an underlying membership of nearly a million business men, its concern is not with any particular business or group of businesses or with any special interest, but with business as a whole. Therefore, it is deeply concerned in preventing any special interest taking an unfair advantage of, or collecting an undue profit from business as a whole.

The application of scientific principles to the technique of production and distribution has enormously increased volume and reduced costs. There is every reason to believe that the use of mechanical labor-saving devices will increase progressively, with a constantly decreasing number of employes per unit of production and distribution. The labor released must find, and to a great extent has thus far found, employment by supplying the ever-increasing demands of the constantly rising standards of living.

But much of this increased labor cannot, in the nature of things, create its own employment. This is a task for the business engineer, for the enlightened self-interest of business demands that our population have the opportunity for steady and gainful employment. Business cannot stop to contemplate with satisfaction the products of its invention, but must press forward to provide for the victims of its invention.

The production by labor to the limit of its ability to produce, increases the wealth of the world, correspondingly raises its standards of living, and increases its consuming power. To the extent of that increase, production and distribution must be increased to satisfy them, and this in turn contributes to increasing the prosperity of business.

But labor can prosper only through gainful employment—steady employment. Irregularity in employment not only entails individual loss and human suffering, but economic waste, which works directly to the disadvantage of business as a whole. Here is a problem which calls for the maximum of teamwork between business and labor. It is a challenge to the resourcefulness of the business engineer, that production and distribution which have been considered as seasonal be made continuous throughout the year, so that seasonal unemployment with its criminal waste and suffering may be relegated to the past.

Be it said to the everlasting credit of the business engineer that he has accepted the imperious challenge to correlate and harmonize the conflicting forces in commerce, trade and industry, and will not stop short of providing steady and gainful employment to all seeking it, including those who have been dislocated by the march of progress.

Business Depends on Farmer

THERE is a German proverb that when the farmer is prosperous, prosperity is general. Whether this be economically sound or not, certain it is that when the farmer is not prosperous his curtailed buying power adversely affects every class of business. The idea that there is an irreconcilable conflict between the interests of the farmer and that of organized business has been exploded. Waste-breeding war between these two great forces in our national economy is being superseded by productive cooperation and teamwork, increasing the prosperity of both.

We hear much of the problems of agriculture. There are many agricultural problems, and they vary just as the soil, the climate, the geographical location, the transportation facilities and numerous other factors affecting agriculture vary in each locality. When collectively these many problems affect adversely large agricultural populations throughout the Nation, we have a national problem.

It is the duty and privilege of business men everywhere methodically, systematically and whole-heartedly to cooperate with organized and unorganized farmers and to assist in finding sound solutions for their problems. In this undertaking, the local chambers of commerce already are playing and will continue to play an ever-increasing part, and the National Cham-



AS Investment Bankers, this organization during 1927 was a primary member of forty-four underwriting syndicates which distributed a total of over

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BUTLER buildings are uniformly sturdy whether the size is 8 feet wide or 100 feet. Twenty-four gage galvanized steel sheets of deep paneled corrugations are used on walls and roofs throughout. The unusual corrugations lend remarkable stiffness to the construction. The rigidity of the whole building is further enhanced by bolting the sheets together and to the frame with galvanized bolts.

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Each building is shipped complete with doors, windows, bracings, bolts and reinforcements. The various parts are numbered to correspond to accompanying blue prints, permitting erection at once by local labor, if desired. Considerable latitude is allowed for locations of doors and windows.

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Butler buildings are economical as permanent improvements, but their adaptable qualities add immensely to their value. Due to the standardized construction they may be enlarged with the least outlay of time and money. If necessary, they may be removed entirely and re-erected elsewhere with practically 100% salvage. Money-saving quotations, f. o. b. factory or erected, will be submitted promptly upon request.

The owner of several Butler buildings in the Northwest writes: "They are the most satisfactory buildings we have. They are not only strong and durable but present a very desirable appearance."

Butler's twenty-seven years' experience in the manufacture of steel buildings suitable for factories, warehouses, stores, power houses, garages, filling stations, airport hangars, offices and numerous other important uses is at your service wherever you are located.



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ber, with the data and material which it has assembled and other information which it has within its reach, is not only willing, but anxious to contribute its full share toward promoting general prosperity through systematically and sympathetically contributing toward solving the many problems of agriculture.

This Chamber, which is not an organization of "Big Business," but is a big organization of *all* business, is profoundly interested in the proper function of Government in the legitimate regulation of those private enterprises impressed with a public interest. For experience demonstrates that wholly unhampered and unchecked private initiative may become destructive of the welfare of business as a whole.

And the Death of Traders

BUSINESS believes in wholesome competition, but competition is not primitive strife. Business knows that competition may become not the life of trade but in truth the death of the traders. Piracy masquerading as competition is piracy none the less. Ruthless and unbridled individual initiative must be curbed in the public interest, and such legitimate checks and curbs are a proper exercise of the function of Government. But business insists that this function be so exercised as neither to become burdensome as to costs, nor to paralyze that constructive initiative which is the mainspring of American business.

In this nice balancing of their respective functions is an opportunity for enlightened teamwork between Government and business.

In the progress which business has made through trade association activities and otherwise toward organized self-regulation Government is playing, and will increasingly play, an important part. Business can, and is prepared in effect to legislate for itself in eliminating unfair, uneconomic and wasteful trade practices, including all forms of unfair competition. While business men, out of their intimate knowledge and experience of conditions and practices obtaining in their particular trade, are increasingly demonstrating that they have both the foresight and the courage necessary for self-regulation, nevertheless business lacks both the machinery and the power to enforce, save through moral suasion, those rules of self-restraint which it may promulgate in its own and the public interest, and to discipline such members of a group as may transgress those rules. When the appropriate Government agency has, after full hearing, approved such rules as in the public interest, they can and will be enforced.

But in its own interest, business, in its self-regulating activities, must be careful not to lean too heavily on Government. When a majority of the real leaders in business are not only willing themselves to eliminate unfair trade practices, but insist that all members of their group do the same or be branded as "slackers," not only because it pays, but because it is right, their moral influence will leave comparatively little for Government agencies to do.

This Chamber, as the mouthpiece of organized business, is clothed with the duty of assembling and presenting to legislative and other Governmental agencies data and information helpful to the Government in applying the principles enunciated through referenda or resolution by the Chamber's members. In so doing organized business is exercising not only a right and a privilege, but is discharging a duty which, in a spirit of teamwork, it owes to the Government.

But it is just as important that business should not undertake to usurp the legislative function as that Government should not undertake to invade the realm of private business.

Thus far we have dealt with teamwork and with prosperity within our own Nation. But America cannot, if she would, and would not if she could, live unto herself, alone. She is in, and of, the world, with rights and privileges and correlative duties and responsibilities with respect to the world.

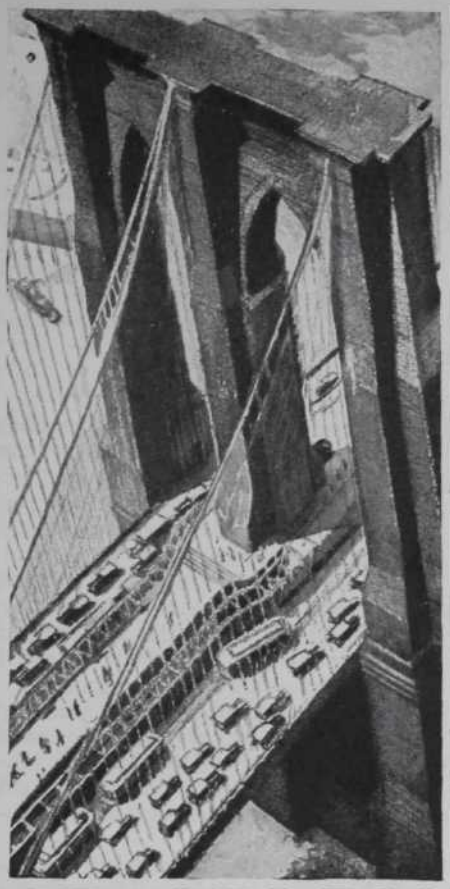
An international prosperity cannot be achieved without whole-hearted teamwork on the part of the business community of all nations. American business has pledged itself to such teamwork. Through its American Section, affiliated with the National Chamber, it actively participated in organizing, and has whole-heartedly supported the International Chamber of Commerce, through which business of all nations meets on common ground to consider, to analyze, and to solve international business problems. These problems will increasingly engage the attention of American business.

In its intercourse with foreigners American business will scrupulously observe the principles of business conduct which it has adopted for its guidance at home, and jealously guard the reputation of American business as a whole; thus establishing and maintaining internationally that confidence which is the foundation of all business.

Place of Foreign Trade

OUR business in foreign countries cannot be extended and put on a firm basis by force. While American business is entitled to the reasonable and proper protection of its Government in foreign fields, it is a mistake to enter such fields if force is constantly required for its adequate protection. Rather should the quality of our product, the excellence of the service to be rendered, and the confidence inspired by fair dealing, insure to American business a welcome to every land, not for the purpose of exploiting either its natural resources or its peoples, but to assist in its growth and development, and to render a service through the fair exchange for its products whatever America may have to offer.

America is on trial before the world. How shall we use the leisure which the growth of mechanical power has provided? How shall we use the power which accumulated wealth has placed in our



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Executives, who demand actual evidence of economical operating costs as well as performance records, will find data of considerable interest in A. C. Neilsen survey No. 55. It contains unbiased, certified reports made under actual operating conditions. Write for it.

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grasp? Does not the answer turn on the degree of intelligence and self-control developed and used by the Nation or the individual as the case may be? Will America meet this test and, instead of flaunting her prosperity, seriously and with her accustomed efficiency discharge her responsibilities, dedicating her prosperity to service, to the task of making the life of the world fuller and freer and more abundant? Is not this America's place on the world's team?

BUSINESS repudiates those whose ruthless methods tend to discredit all business and reaffirms its allegiance to those sound principles of conduct which beget confidence, upon which to endure all business must rest.

We pledge ourselves to team play with every element of the community of which we are a part, to achieve an all-embracing prosperity, inclusive of all groups and all classes.

We dedicate anew our best efforts to the diligent pursuit of the greatest of all vocations—the business of right living—proclaiming to the world that he who would be great among us must become the servant of all.

At the Banquet

THE fifty-odd men, leaders in every branch of industry and commerce and even politics, who occupied seats around the head of the banquet hall at the Chamber's Annual Dinner, make us wonder how it is possible to get such leaders into one assembly.

The man who heads the 57-varieties pickle company bearing his name, and President Parson of the Woolworth Company were typical of the guests.

Toastmaster Owen D. Young tackled the difficult problem of introduction:

The law has made some very good contributions to finance, business, and international affairs, but certainly one of the greatest contributions is JEREMIAH SMITH, the man who controls and set Hungary on its feet.

Contributor and distributor of a great estate, exponent and adventurer of high standards in business and everywhere else, promoter of the finest enterprises in every country of the world, JOHN D. ROCKEFELLER, JR.

A courtier of high adventure and distinguished achievements which have taken him the world round. Could it be other than JOHN HAYS HAMMOND?

The toastmaster, in his remarks, called business men poets and cited this from a London business man of 1640:

When merchants' trade proceeds in peace,
And labor prospers well,
Then commonwealth and wealth increase
As now good proof can tell.

The landlord and the tenant sell
By this means all their wool,
Their beef, their corn, they sell the more
When merchants' purse grows full.

The victualer and the husbandmen
And handicrafts each one,
Make gains when merchants ships
And goods do merrily come home.

Combine Business with *Pleasure* / *in* Oregon



There is more golf played by the manufacturer, the business man and his employes in Portland, Oregon, than in any city its size in America.

That is one of the many reasons why the manufacturer likes to establish a plant here; and another reason is, that he gets better results from his labor. Outdoor recreation means efficiency, health and increased production.

The Joy of Living

It is a remarkable experience to see twelve hundred manufacturing plants in active operation, (sawmills, furniture factories, woolen mills, garment factories, paper mills, and almost every kind of industry), and to find the sky wonderfully blue, the atmosphere clear without smoke or dust, lawns and gardens vividly green, the gorgeous flowers and the millions of roses beautifully fresh. Because hydro-electric power is used in the factories almost exclusively. This is PORTLAND, OREGON.

A View of the Business Section of Portland, Ore.



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THERE can be no "running the signals" on North Western rails between Chicago and Omaha.

Automatic Train Control warns of every danger and should its warnings go unheeded, applies the brakes and stops the train. This security is accomplished through electric power picked up from the rails, amplified in a marvelous device on top of the tender and relayed to the warning signals in the cab.

Over the splendid roadbed of the North Western, the only double track railway between Chicago and Omaha, a fleet of sixteen fine, fast daily trains, including the San Francisco Overland Limited, Los Angeles Limited and Gold Coast Limited, operate under this continuous, complete and unerring protection.

Automatic Train Control; the vast, new Proviso freight yard; new roller-bearing suburban coaches, and other improvements to roadbed and equipment uphold the North Western's policy to provide, "The Best of Everything in the Best of the West."

CHICAGO NORTH WESTERN LINE



At the beginning of his run, the engineer must lock automatic train control into action. He hands the key to the conductor, who carries it to the end of the run.

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Passenger Traffic Manager
226 West Jackson Street
Chicago, Ill.

CHICAGO & NORTH WESTERN RAILWAY

Looking Ahead for Business

(Continued from page 14)

sumption for the elementary team play which we have found so serviceable in the past.

The first steps in this direction have already been taken, not because of conscious cooperation, but as the result of improved facilities in transportation and distribution.

One of the great achievements of the past decade has been the gradual reduction of inventories by jobbers and retailers. The lag between production and consumption has been decreased, and to a greater extent than most of us appreciate. This has meant that in spite of temporary embarrassments the manufacturer has a much closer check today upon his rate of production than he had ten years ago.

We cannot depend too much, however, upon the haphazard assistance which comes from the independent action of separate factors in our economic life.

To meet the challenge of unbalanced production we shall need the conscious and considered team play of all who are in a position to guide the development of our industries.

We shall need the cooperation of the executives in whose hands lies the responsibility for the location of new plants and the formulation of production schedules.

We shall want the constant help of the trade associations which are in a position to effect intelligent and balanced development within their special fields.

Teamwork for Everybody

ABOVE all we must have a widespread understanding of the fact that to meet the problems of this newer day we must pass on from teamwork within single groups, or single industries to that broader cooperation, where every group and every industry will consciously relate its expansion and development to the growth, the stabilization and the prosperity of the nation as a whole.

There is no escape from the conclusion that to maintain the unparallelel progress that we have made through our policy of mass production, we must provide some buffer to take up the slack when production outruns the consumptive powers of the public.

Just as our National Chamber of Commerce sought to serve industry through its studies on distribution, contributing as it did to the reduction of inventories, and the quickening of trade processes, so in this larger and more far-reaching problem it has a contribution to make, a duty to perform.

There is no thought that, in so fundamental a matter, the eventual solution can be found in any one organization or that any small group of men can achieve a result which requires the approval and support of industry as a whole. Before we can arrive nationally at this newer, brighter goal, we must have the intelligent sympathy and assistance of every unit in the industrial machine.

Yet somewhere, somehow a start must be made. Someone must accept the task of defining the problem of sounding out the possibilities of planting the seed from which the harvest may finally grow.

The Chamber will do its part. It will give its thought and its effort to the teamwork for prosperity which has been the theme of this Convention.

Generous Self-Interest

IN cooperation with every other body which is sincerely seeking the welfare of American business, it will stand foursquare for the creation of that conscious, intelligent cooperation which industry must have if the nation is to go forward.

No one who understands the true spirit of American industry can doubt that we shall be able to evolve this higher form of cooperation once the practical method of achieving it shall have been found.

The business world which has found by experience that the promotion of general prosperity is the highest form of self-interest, will not hesitate to give its aid to any movement which aims at the common good.

The voice of organized labor has already been lifted in an appeal for cooperation. In any move to eliminate unemployment or to maintain present standards of living, we can confidently count upon the support of those who are first to feel the effect of unbalanced prosperity and the first to benefit by the wider diffusion of the fruits of increasing production.

There is a limit to what government can do to guide the course of what must be an economic development. Yet government can make a contribution to our knowledge of general conditions, and by expanding our notion of the newer cooperation until it includes government as well as industry, we can secure from the agencies of state and national authority, much of the data that we shall need for guidance in our business councils.

Comforts and Luxuries

THE day, I think, is not far distant when organized business, organized labor and a comprehending government will unite for the intelligent teamwork that alone can solve our newer problems. Teamwork that will lift the fear of unemployment and suffering from the minds of those who toil. Teamwork that will permit the wheels of industry to turn with increasing effectiveness, to bring more and more of the comforts and even luxuries of life to all who contribute to the productive power of America. Teamwork that will remove the threat of an unused surplus from the nation that has staked its economic life on the doctrine of increasing production!

Teamwork for prosperity! What a vision it conjures of the possibilities that lie ahead.

ATWATER KENT RADIO

The good will of 1,600,000

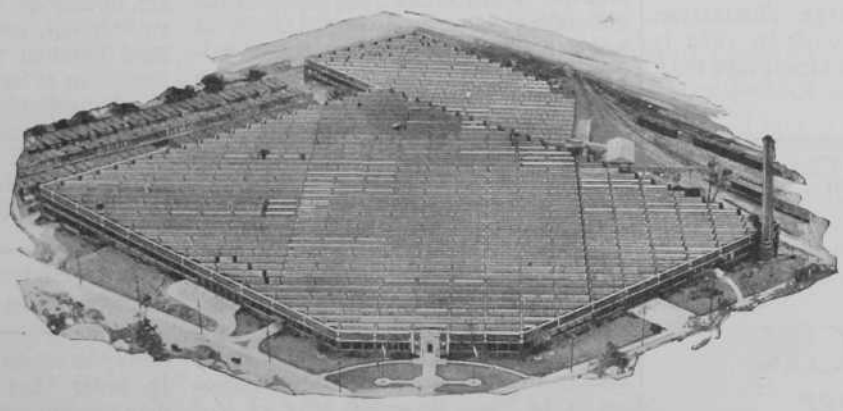
More than 1,600,000 families are now enjoying Atwater Kent Radio and telling others about it.

Its reputation is reflected in the success and standing of Atwater Kent dealers. They have a moderate-priced, fast-moving line of proved turnover possibilities.

As the Atwater Kent Manufacturing Company is in the radio business to stay, the credit needs of Atwater Kent dealers merit the thoughtful attention of bankers.

ATWATER KENT MANUFACTURING COMPANY

A. Atwater Kent, President, 4715 Wissahickon Avenue, Philadelphia, Pa.



Bigger than 13 football fields, the main Atwater Kent factory occupies 15 acres and is the largest radio factory in the world.



Section of Sewer built in 1882

Common Brick Sewer still good *after 46 years!*

MORE than half a century ago when Chicago was looking forward to being one of the largest cities in the world, they sent an engineer to Europe to investigate the best material for sewers.

After visiting the older cities, Paris, Berlin, Vienna, Rome and London, he reported that brick was the preferred material.

That Chicago profited by this survey is shown in the large illustration above. This sewer built in 1882 is still in good condition after more than 40 years of service.

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Guide Posts of Business

(*Continued from page* 20)

sential. Work on budgets should be a first consideration of organizations undertaking to improve the administration of the public business.

Inheritance Taxation

INHERITANCE taxation from an interstate standpoint is in a confused and chaotic condition. In addition to excessive delays and annoyances, there is multiple taxation which at times approaches confiscation. The greatest difficulty from an interstate standpoint now lies in the taxation of intangible personal property of non-resident decedents. The successful efforts of several of the states to remove this inequitable feature by exempting such intangible personal property from taxation either on a reciprocal or non-reciprocal basis is highly commendable, and the earnest wish is expressed that the other states which have not yet enacted into law this highly desirable reform will do so at the earliest opportunity.

Merchant Marine

THE CHAMBER reiterates its opposition to government ownership and operation of merchant ships and renews its advocacy of the establishment and maintenance of the shipping services needed in the interest of our commerce and national defense through mail and cargo contracts, and such other measures as may be required to enable private shipowners successfully to meet foreign competition.

The Chamber advocates continuance of the essential services pursuant to the Merchant Marine Act of 1920, and their sale to private parties upon liberal terms or for cash as early as possible. The Chamber is, however, strongly opposed to any new program of building merchant ships for government account because it will prolong government ownership and operation, and because it is unnecessary and will retard rather than advance the upbuilding of a privately owned merchant marine. There is an abundance of private capital available for constructing ships under favorable government arrangement which will measurably offset the difference in American and foreign construction and operating costs due primarily to higher wages in this country.

Pending legislation provides for the encouragement of ship building by liberalization of the construction loan fund provisions, by favorable contracts for the carriage of mails, and by provisions for payments by the Government to officers and men of the merchant marine enlisting in the Naval Reserves.

The Chamber believes that legislation should make definite provision for placing all essential services in responsible private hands on a basis to assure permanency of operation and modernization and replacement of vessels through private enterprise.

Government Marine Insurance Fund

THE National Chamber is already on record in opposition to the entry of the Government into the marine insurance business, whether for the purpose of insuring the Government's equity in vessels sold to private parties or otherwise. The Chamber reiterates this position, believing that the provisions of the Jones-White bill which authorizes the Shipping Board to include in its activities marine underwriting constitute an unnecessary and unsound abridgement of private enterprise.

Educational Orders

MODERN war is a war of machines and requires these machines in numbers heretofore undreamed of. The capacity of Government arsenals for the manufacture of these machines is small compared with the volume required in time of war. In order that industrial enterprise may in times of peace become familiar with munitions manufacture and be prepared to do its part in war production, it is essential that the National Defense Act should be so amended as to permit the secretary of war to place with industries orders of an educational character for equipment, munitions, and accessories. In this manner only can commercial concerns obtain familiarity with war requirements and have their place in industrial war plans of the War Department.

Imports of Raw Materials

A NUMBER of imported raw materials, essential to the welfare of the industry and people of the United States, have come under the domination of foreign monopolies. Where such raw materials or products of nature in a crude or unfinished state are of a character not made, produced, or grown in sufficient quantities within the United States and are, or may be, controlled by any foreign government, combination, or monopoly, legal sanction should be given to the formation of import associations, similar to the export associations under the Webb-Pomerene Act, to permit collective buying of such raw materials, with adequate safeguards to prevent price or supply control in the domestic market.

Industrial Information

RAPID industrial development has resulted in productive capacity in some branches of industry in excess of current requirements. In order that industrial development may proceed along sound lines, and in the public interest, each field of manufacturing industry should have knowledge of the true costs of production and distribution based upon uniform cost accounting and should collect and distribute to its members and the public, through its trade associations, reliable data as to or-



Managers of Millions



IN THE student body of the National School for Commercial and Trade Organization Executives, made up of three hundred of the country's young men, America's Business Men are investing in annual salaries alone somewhere between a million and a half and two million dollars.

Why this expenditure?

Is it an extravagant one?

What does Business get for it?

The expenditure is made, as a matter of good business judgment, for the competent management of a part of the country's annual organization fund.

A careful estimate of the total budget of the organizations served and managed by the executives assembled in the above picture suggests not less than ten million dollars. One association alone raises and spends a million per year on research and educational work for the improvement of the industry it represents.

Perhaps ten million is too conservative.

At any rate—the total amount is sufficient to justify a wise trusteeship and judicious expenditure.

This an organized community or industry gets from the Commercial or Trade Organization Executive who gives up two weeks of his time to attend the National School at Evanston to brush up on his present practice and to prepare himself better for his trust.

The eighth annual session will be held at Northwestern University, Evanston, Illinois, July 8–21, 1928.

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ders, shipments, stocks, and other facts essential for an understanding of the situation in the industry.

Commercial organizations and other agencies interested in promoting new industries for their communities should always obtain and consider such current economic facts before encouraging development of additional capacity for production in any field of industry.

Mineral Development

KNOWN deposits of minerals necessary to the economic welfare of the country are limited. The number of mines operating and of new mines opening is decreasing. Future supplies of minerals must be obtained largely from deposits which are buried.

The Geological Survey and the Bureau of Mines, which are the agencies of the Federal Government dealing with mineral resources, should have such appropriations as to be able to utilize new methods for the discovery of hidden deposits of minerals and thus aid in affording opportunity for revival and extension of the mining industries.

Commercial Aviation

WE EXPRESS our appreciation and support of the policies announced by the Department of Commerce for the promotion of commercial aviation, and commend these policies as giving private initiative the utmost encouragement toward the building of air commerce upon a sound basis for future expansion.

The rapid growth of aviation has demonstrated the need of laws governing inspection, regulation, and licensing of aircraft and airmen. The federal legislation of 1926, and the regulations promulgated under it by the Department of Commerce, have established workable standards for these purposes. To the end of uniformity a form of state legislation has been drafted under the auspices of the American Bar Association with the approval of the Department of Commerce. The attention of the members of the United States Chamber is invited to this draft for state legislation.

Air transport also has its international aspects, through the rapid growth of international air services. All sound proposals for international conferences on the subject of air transport are accordingly approved, in order that there may be exchange of information, development of facilities, and the harmonizing of national regulations with respect to clearance of aircraft, customs, immigration, and health essential for the promotion of international aviation.

Postal Rates

THE IMPORTANCE of proper postal rates as affecting business and public welfare has been urged by the Chamber in previous resolutions. The harmful effects of the present rate schedules continue to be evident. The Chamber accordingly urges that adjustment of postal rates be accom-



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NATION'S BUSINESS
Washington, D. C.

plished on a basis which will allow unhampered use of postal facilities, and that relief legislation to this end be enacted at this session.

Distribution Census

THERE HAS now been a demonstration, through the limited censuses of the factors of distribution which have been taken by the Department of Commerce, of the desirability that the legislation for the next decennial census should provide for a nation-wide census of the factors of distribution as a part of the decennial census. The facts made available through such a census of distribution will be of value to every branch of industry and commerce.

Ocean Bills of Lading

PROPOSALS have for several years been pending for the adoption of measures which would further the unification of ocean bills of lading. These measures are of great importance to the simplification of these instruments of foreign trade. The Chamber urges prompt legislation by Congress with a view to enactment of the Hague Rules in suitable form to be applicable to American conditions.

Commercial Arbitration

THE SENSE of responsibility which has long characterized many of the most important parts of American commerce is spreading to other fields of trade. It appears in the standards which trades have set up for the guidance of their own members and for the information and assurance of the public. These standards should always be accompanied by provisions for arbitration of differences which arise, and all transactions in such trades should include agreement to submit to arbitration any questions which develop from them. The availability of arbitration inspires confidence that honest differences of opinion can be quickly and economically resolved in accordance with the facts. In aiding the use of arbitration in the fields of commerce, both national trade associations and local commercial organizations, therefore, have opportunities of the highest order and in keeping with the purposes for which they exist.

Agreements to arbitrate questions growing out of transactions of which the agreements are a part will always have their main support from business men, but they should likewise have the support of the courts in order that no one may evade the business obligations he has undertaken. Every state of commercial importance should accordingly have legislation which will assure that agreements entered into as a part of commercial transactions to arbitrate questions which may subsequently grow out of these transactions will be enforced by the courts in accordance with their terms and that when arbitration proceeds in the manner provided in the legislation the award will be enforced by the courts.

Government Municipal Farm Loan — BONDS TO FIT THE INVESTOR — Public Utilities Real Estate Industrial

How the *normal* risk in sound investment is minimized to-day

Government Municipal Farm Loan — BONDS TO FIT THE INVESTOR — Public Utility Real Estate Industrial

WITH the most careful selection, there still remains a normal risk in investment—that which inheres in all human affairs. It must be recognized, but it need not deter from sound investment any more than the normal risks of everyday life discourage living. The investor should distinguish between normal and abnormal risks, avoiding the latter and realizing that modern safeguards protect him from the former, as never before.

Business to-day knows more about itself, about costs and markets. Advertising is employed to sustain demand; research to improve output; mass production to lower cost. Accounting methods have been greatly improved. Financing has been put on a more scientific basis. Trustworthy information is quickly available. There is greater legal protection.

As a further safeguard to the investor's interests stands the competent investment house. Its analysis of the assets and prospects of the borrower is searching and scientific. No less keen is its study of the investor's situation, to make sure he selects those securities best fitted to his needs. Under its guidance the wise investor puts most of his funds in bonds to have the utmost security. Even then, he diversifies to spread further the normal risk. Thus securely supported, he invests steadily as funds are available, with well assured confidence in the soundness of his position.

Our booklet, "Essentials of a Sound Investment Policy," gives practical advice concerning the selection of various types of bonds and their proper diversification—helpful to those who are interested in improving their knowledge of bond investment. Write for booklet NF-68

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Awards for Fire Waste Control

By ROLLIN M. CLARK

ATTENDED by the greatest enthusiasm which has ever been demonstrated on occasions of the kind, the presentation of awards to the winners of the 1927 Inter-Chamber Fire Waste Contest was made at the afternoon session of the meeting of the National Council on May 7.

Before nearly 1,200 national councilors and officers of member organizations Arthur H. Vandenberg, United States senator from Michigan, delivered the presentation address and awarded the handsome bronze and silver plaques to delegations from the five winning organizations. They represented Philadelphia; Grand Rapids; Greensboro, North Carolina; Durham, North Carolina; and Fremont, Michigan, the cities which achieved the highest standing in the 1927 Contest among cities of their size. Of these, Philadelphia achieved the distinction of winning the grand award for best accomplishments regardless of population.



Arthur H. Vandenberg

Many Fires to Fight

SENATOR Vandenberg's address made a profound impression upon his audience and he more than lived up to his nation-wide reputation as an outstanding orator. As a preface to the presentation Senator Vandenberg extended a general word of greeting to the Chamber.

He stated that the organization of the Chamber became a momentous event in the evolution of American business and congratulated it upon its important dedication. Continuing, Senator Vandenberg said:

There are many different kinds of fires that need fighting—if we may detour for a moment into metaphor—and against which for the safety of the Republic it is necessary constantly to sound alarm. I am thinking, for example, of the fires of bigotry. We can burn ourselves to cinders in the furnace of racial and religious hate. I am thinking of the fires of materialism. We can be utterly reduced to ashes by neglecting spiritual aspirations.

I am thinking of the fires of treason. We can be consumed in the incendiary flames of revolution if we fail vigilant devotion to the un-breached Constitution, to the unbroken defense of American tradition, to the sanity of law, and to the stability of its administration.

There are deadly torches 'round about us everywhere. It is the first duty of every citizen worthy of his heritage to be a "fireman" in the service of the Republic.

Now I become specific with reference to this notable occasion. I was not asked to preach a sermon. I was asked to pronounce an award. It deals with fire in intimate reality—fire that is heralded by those alarms that strike terror to the human heart—fire that spells staggering physical and fiscal wastes—fire that too often throws a wicked illumination upon unspeakable human tragedy. No longer, unfortunately, do I speak in metaphor.

I speak now of the awful thing itself—the red and yellow flames which licked up 10,000 lives last year in the United States and which destroyed more than $500,000,000 in created values. The constructive effort of this Chamber to combat this economic loss and waste is one of the great outstanding conceptions and achievements of which this Chamber may be rightly proud.

I am here to congratulate the Chamber on the constantly pyramiding success of its Inter-Chamber Fire Waste Contest—devised in 1923 when 70 cities reported—more than doubled in 1924, when 160 cities reported—substantially increased again in 1925, when 221 cities reported—once more enhanced in 1926 when 303 cities reported—and striking a new maximum in 1927, when 329 cities reported.

I am here to congratulate the cities which thus demonstrated their municipal zeal and conscience in the year just closed—cities credited with a total saving of $11,972,688, or 14.8 per cent as compared with their average fire losses for the preceding five years—per capita losses which, when averaged over all competing cities, showed reduction from $3.77 in 1925 to $2.70 in 1927.

Humanitarian Achievement

I AM here to congratulate these cities upon their humanitarian achievement. In 1927 81.3 per cent of the contestants reported either no deaths by fire or a reduction in number of such fatalities—the actual decrease in the number of lives lost last year as compared with the average of the preceding five years being 12.6 per cent.

I am here to congratulate all those who participated in these useful and precious labors—each one rewarded by greater individual security for life and property—each one rewarded by the consciousness of having made a material social and economic contribution. In the first analysis this means the helpful work of individual citizens possessed of vision. But in the last analysis it is a tribute to intelligent cooperation—to the invincibility of teamwork—in all the methods by which hazard may be minimized and by which efficiency may be maximized.

Last, but far from least, I am here to congratulate and then to decorate the winning cities which have best succeeded in answering this challenge to self-preservation, under the auspices of these allied Chambers.

Mr. Chairman, America has the unenviable distinction of leading all countries in the world in the extent of fire waste—a dubious preeminence. We are not so big and so rich that we can pursue this prodigality forever. There is emphatic value in this organized effort to put this menace under constraint.

Immense Fire Loss

AN ANNUAL life loss of 10,000 human souls—more than twice the battle mortality in the whole of the American Revolution—is a supreme challenge to the conscience of the nation.

An annual property loss of $500,000,000—more than enough every twelve months to build the St. Lawrence Waterway and wed the Great Lakes with the oceans—is simply staggering in its black conception. Nor is it possible for mere arithmetic to visualize the wrenching aftermaths to our social and economic fabric which lie in the wake of conflagration.

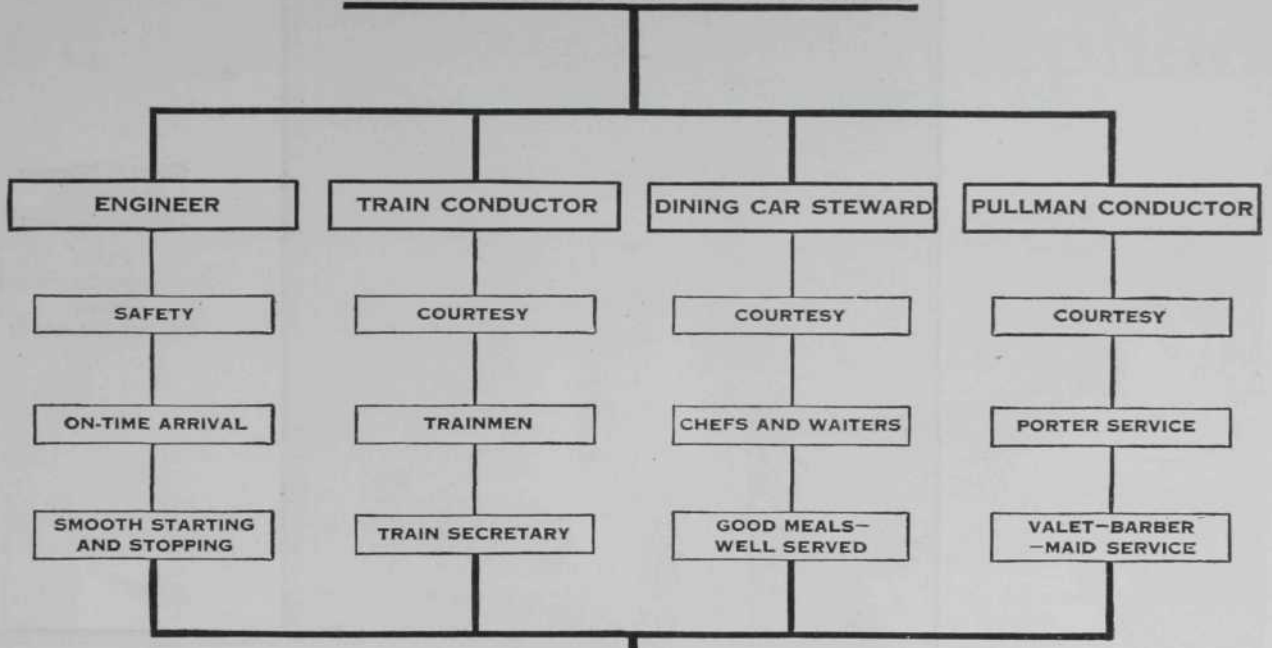
In the presence of such contemplations—and particularly in the presence of the proved fact that intelligent cooperation can substantially reduce these livid liabilities—these annual contests, under the auspices of the Chamber of Commerce of the United States, become notable crusades toward the goals of common sense and of the common weal.

After naming the winners and honor cities of the 1927 Contest, Senator Vandenberg briefly reviewed the accomplishments of each of the winning cities in the Contest last year and then presented the spokesman of the delegation from that city with its plaque. Alba B. Johnson, chairman of the Executive Committee of the Philadelphia Chamber of Commerce, responded for his city. Grand Rapids was represented by Lee M. Hutchins, national councilor of the Grand Rapids Association of Commerce. Greensboro's trophy was received by Mayor E. B. Jeffress of that city, and Durham's plaque was accepted by Acting Mayor William F. Carr.

The ceremony ended with the acceptance of Fremont's award by Dr. Louis Webber, secretary of the Fremont Chamber of Commerce.

All of the spokesmen pointed out the advantages which had accrued to their cities as the result of their participation in the movement and they urged all chambers of commerce which have not yet enrolled to become active in the competition.

The Will to Please



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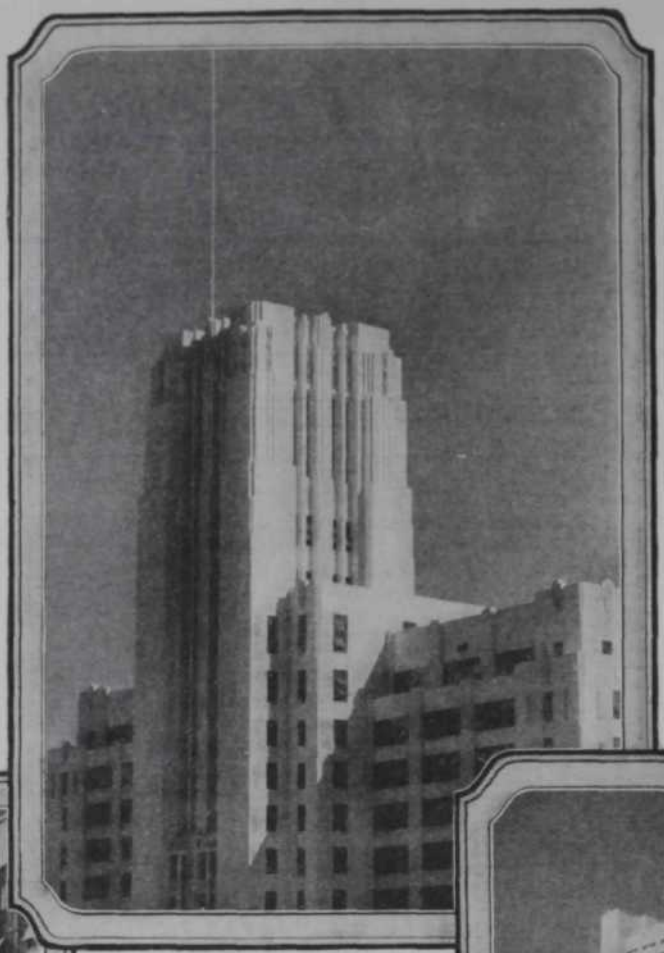
"The Will to Please" is not a slogan adopted by the Baltimore & Ohio—it is the gauge of service understood by every employe.

The CAPITOL *Limited*, connecting New York, Washington and Chicago; *The* NATIONAL *Limited*, between New York, Washington, Cincinnati, Louisville and St. Louis; and *The* FORT PITT *Limited* between Pittsburgh and Chicago, are operated by certain members of this organization. They are the public contacts and through their efforts and service "the will to please" is made evident to the passengers.

But important, also, are the thousands who have no contacts with the traveling public—yet they, too, measure the performance of their duties by the same yardstick—"the will to please"—and by their service help to make your journey safer and more satisfying.

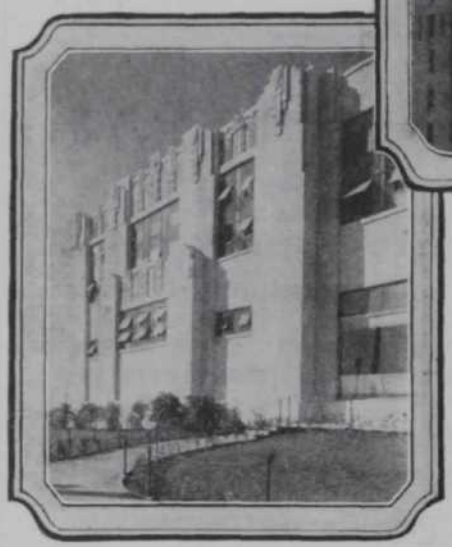
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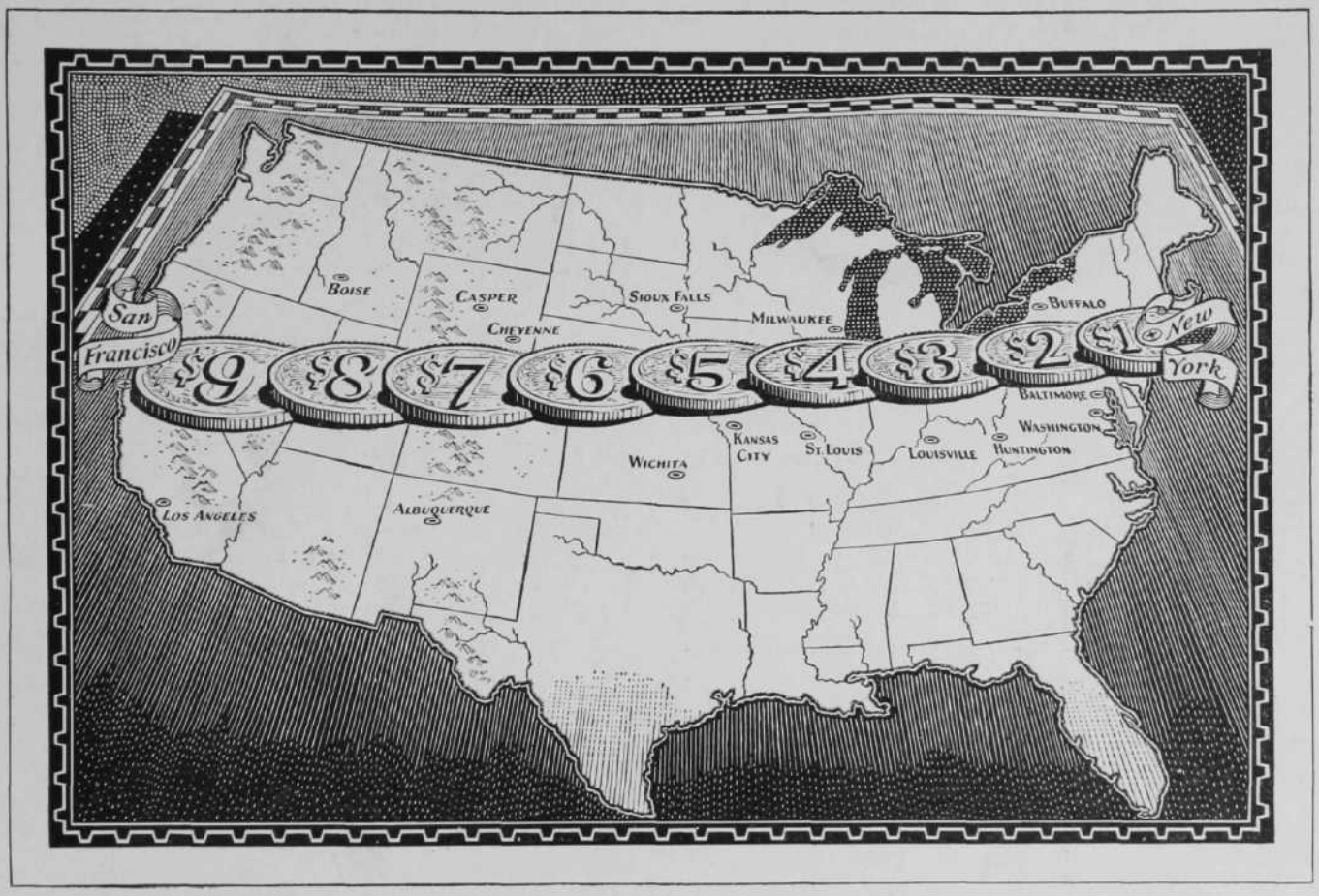
Built as a Monolith

ENDURING beauty of line, with rich architectural treatment, in a structure of purely utilitarian purpose, has been achieved in this new concrete building. Of especial interest is the fact that it is truly a monolith. Story by story, the concrete for the frame, floor systems, wall panels, and exterior decoration, was placed in a continuous operation. Speed of construction (180 days) was attained, largely because the materials were all available from stock and the contractor's regular force could erect them, with ample time for the complicated interior and mechanical equipment. The building exemplifies the manifold possibilities of reinforced concrete for modern, fire-safe structures of utility and beauty.

PORTLAND CEMENT *Association*

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An Advertisement for Bell Long Distance Telephone Service

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A Chicago business man recently had to endeavor to close negotiations with 30 concerns in 12 cities. Preliminary work had been done, but personal contact was necessary. In one day, he saved 5000 miles of physical travel and at least ten days' time from his office. He made four long distance calls to New York. Two to Buffalo. One to Syracuse. One to Covington, Va. Six to Pittsburgh. Five to Cleveland. One to Louisville. Two to St. Louis. Two to Kansas City. Two to St. Paul. Three to Milwaukee and one to New Orleans.

His negotiations were successful in 60% of the calls. "In many cases," says this man, "the long distance telephone call is actually superior to a personal call. It gets an immediate audience."

The president of a large Philadelphia rubber company has each one of his salesmen call him at the end of the day. Often large sales that a man is about to give up as hopeless are saved by the suggestions received from his president by Long Distance.

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Such equipment is superior because of the established Timken operating economies due to the reduction of friction, lubricating costs, and power waste. Such equipment has permanent Timken precision, full Timken thrust capacity, Timken rigidity, Timken simplicity — the invincible endurance of Timken tapered construction, Timken *POSITIVELY ALIGNED ROLLS*, and Timken-made electric steel.

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